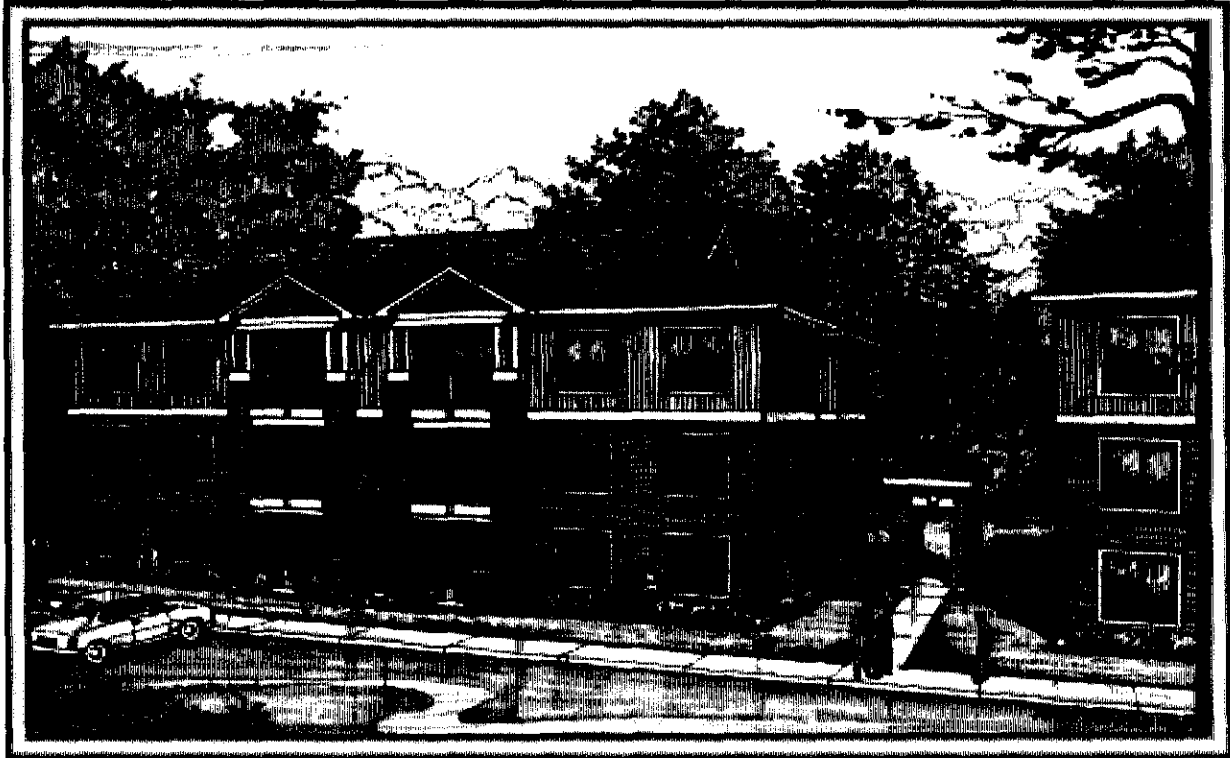


LAKE PARK CONDOMINIUM



Lake Park Condominium

CONDOMINIUM DOCUMENTS



LAKE PARK

CONDOMINIUM

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(PROPOSED)

**DECLARATION
OF
LAKE PARK CONDOMINIUM**

Filed for Record on the
_____ day of _____, 19____

PREPARED BY AND MAIL TO:

David A. Raynes
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Perry, Patrick, Farmer & Michaux, P.A.
3716 National Drive, Suite 100
Raleigh, NC 27612

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DECLARATION OF
LAKE PARK CONDOMINIUM

THIS DECLARATION is made this _____ day of _____, 19____, by Lake Park Condominium, LLC, a North Carolina limited liability company ("Declarant"), pursuant to the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes ("Act").

W I T N E S S E T H:

WHEREAS, Declarant is the owner in fee simple of certain real estate situated in the City of Raleigh, County of Wake and State of North Carolina, more particularly described on Exhibit "A" attached hereto and made a part hereof, together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate; and

WHEREAS, Declarant desires to submit all of said property to the Act.

NOW, THEREFORE, Declarant, as the owner of said property, hereby declares as follows:

ARTICLE I

Definitions

Definitions. As used herein, the following words and terms shall have the following meanings:

1.1 Act. The North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.

1.2 Association. Lake Park Condominium Homeowners Association, Inc., a nonprofit corporation organized under Section 47C-3-101, North Carolina General Statutes. The Articles of Incorporation the Association are attached hereto as Exhibit "D".

1.3 Board. The Executive Board of the Association.

1.4 Bylaws. The Bylaws of the Association which are incorporated herein and made a part hereof by this reference, and attached as Exhibit "E".

1.5 Common Elements. All portions of the Condominium except the Units. Limited Common Elements are Common Elements. All water lines not located in street rights-of-way which serve the Property and all sewer lines not located in either street rights-of-way or City of Raleigh sanitary sewer easements which serve the Property are Common Elements. Any amenities constructed on the Property, including, but not limited to, basketball court, volleyball courts, pool and adjacent patio and

decks, picnic tables, barbecue grills, gazebos, and play areas, are Common Elements.

1.6 Common Expenses. Expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves and any ad valorem taxes, public assessments or governmental liens (except liens relating to payment of water bills for individual Units, if individual water meters are installed for each Unit as noted below) levied on Common Elements. (NOTE: If individual water meters are installed for the Units, each Unit Owner shall be responsible for making direct payment of the water bills for their Unit to the appropriate public utility. If individual water meters are not installed for the Units, the water bills for the Units shall be a Common Expense to be paid by the Association.)

1.7 Condominium. The condominium created by this Declaration.

1.8 Declarant. Lake Park Condominium, LLC, a North Carolina limited liability company and (i) any other owner who has executed this Declaration, except First Mortgagees and except persons whose interests in the Property will not be conveyed to Unit Owners and (ii) any person who succeeds to any Special Declarant Rights as defined in Section 47C-1-103(23) of the Act.

1.9 Declarant Control Period. The period commencing on the date hereof and continuing until the earlier of (i) the date two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business, or (ii) the date upon which Declarant surrenders control of the Condominium, or (iii) the date one hundred twenty (120) days after the Declarant has conveyed seventy-five percent (75%) of the maximum number of Units which Declarant may create on the Phase 1A, 1B, 2A, 2B, 3A and 3B property, and on the Additional Real Estate, to Unit Owners other than a Declarant, or (iv) the date two (2) years after any development right to add New Units was last exercised by Declarant.

1.10 First Mortgage and First Mortgagee. A First Mortgage is a mortgage or deed of trust which has been recorded so as to give constructive notice thereof, and which is a first lien on the Unit or Units described therein. A First Mortgagee is the holder, from time to time, of a First Mortgage as shown by the records of the Office of the Register of Deeds for Wake County, North Carolina, in which the First Mortgage is recorded, including the Federal National Mortgage Association and including a purchaser at foreclosure sale upon foreclosure of a First Mortgage until expiration of the mortgagor's period of redemption. If there be more than one holder of a First Mortgage, they shall be considered as, and act as, one First Mortgage for all purposes under this Declaration and the Bylaws.

1.11 Limited Common Elements. Those portions of the Common Elements allocated by this Declaration, the Plans or by

operation of Section 47C-2-102(2) or (4) of the Act for the exclusive use of one but fewer than all of the Units including, but not limited to, any deck, balcony, porch or patio appurtenant to a Unit and any attic storage areas appurtenant to a Unit. That portion of the property upon which heating and air conditioning equipment serving a Unit is located shall constitute a Limited Common Element allocated specifically to the Unit served by such equipment.

1.12 Occupant. Any person or persons in possession of a Unit, including Unit Owners, the family members, lessees, guests and invitees of such person or persons, and family members, guests and invitees of such lessees.

1.13 Person. A natural person, corporation, partnership, trust or other legal or commercial entity, or any combination thereof.

1.14 Plans. The plans of the Condominium, recorded in Unit Ownership File No. _____ in the Office of the Register of Deeds for Wake County, North Carolina, and by the Act made a part of this Declaration.

1.15 Plat. The survey plat depicting the Condominium and the location of the buildings on the property, recorded in Unit Ownership File No. _____ in the Office of the Register of Deeds for Wake County, North Carolina, and by the Act made a part of this Declaration.

1.16 Property. The real estate described on Exhibit "A", and the real estate described on Exhibit "A-1", if added by Declarant pursuant hereto, together with all buildings, amenities and other improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.

1.17 Rules and Regulations. The rules and regulations of the Condominium promulgated by the Executive Board from time to time.

1.18 Special Declarant Rights. The rights as defined in Section 47C-1-103(23) of the Act for the benefit of a Declarant, including but not limited to the following: to complete the improvements indicated on the Plans; to maintain sales offices, management offices, models and signs advertising the Condominium; to exercise any development right as defined in Section 47C-2-110 of the Act; to use easements through the Common Elements; to elect, appoint or remove members of the Board during the Declarant Control period; to withdraw any portion of the Property from the Condominium; and to add Additional Real Estate. Declarant shall have no right to subdivide or convert Units owned by Declarant.

1.19 Unit. A portion of the Condominium, whether or not contained solely or partially within a building, together

with its percentage of undivided interest in the Common Elements as set forth on Exhibit "B". Each Unit is designated and delineated on the Plans.

1.20 Unit Boundaries. The boundaries of each Unit, both as to vertical and horizontal planes, as shown on the Plans, are the undecorated surfaces of the perimeter walls, exterior doors and exterior windows facing the interior of the Unit, the undecorated surfaces of the ceiling facing the interior of the Unit, and the topmost surfaces of the subflooring, and include the decoration on all such interior and topmost surfaces, including, without limitation, all panelling, tiles; wallpaper, paint, finished flooring and any other materials constituting any part of the decorated surfaces thereof, and also includes all spaces, interior partitions and other fixtures and improvements within such boundaries. Also included as a part of the Unit shall be those portions of the heating and air conditioning system for the Unit which are located within the perimeter walls of the Unit and those portions of the heating and air conditioning system located in the Common Elements, wherever located.

1.21 Unit Owner. The person or persons, including the Declarant, owning a Unit in fee simple.

1.22 Additional Real Estate. The real estate described in Exhibit "A-1", together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.

ARTICLE II

Submission of Property to the Act

2.1 Submission. Declarant hereby submits the Property to the Act.

2.2 Name. The Property shall hereafter be known as Lake Park Condominium.

2.3 Division of Property into Separately Owned Units. Declarant, pursuant to the Act, and to establish a plan of condominium ownership for the Condominium, does hereby divide the property into six phases (Phases 1A, 1B, 2A, 2B, 3A, 3B), with such phases hereby divided into eighty-four (84) Units, and does hereby designate all such Units for separate ownership, subject however, to the provisions of Section 2.4 hereof.

2.4 Alterations of Units. Subject to the provisions of the Bylaws, a Unit may be altered pursuant to the provisions of Section 47C-2-111 and 47C-2-112 of the Act.

2.5 Limited Common Elements. The Limited Common elements serving or designed to serve each Unit are hereby

allocated solely and exclusively to each such Unit.

2.6 Unit Allocations. The allocations to each Unit of a percentage of undivided interest in the Common Elements and of a percentage of the Common Expenses are as stated on Exhibit "B". The allocation of undivided interest in the Common Elements and of the Common Expenses has been determined by a ratio formulated upon the relation that each Unit bears to the total number of Units. The votes are equally allocated to all Units with each Unit Owner having one (1) vote for each Unit owned.

2.7 Encumbrances. The liens, defects and encumbrances affecting the Property to which the rights of Unit Owners and Occupants are hereby made subject are set out on Exhibit "C".

2.8 Condominium Ordinances. The Condominium is not subject to any code, real estate use law, ordinance, charter provisions, or regulation (i) prohibiting the condominium form of ownership, or (ii) imposing conditions or requirements upon a condominium which are not imposed upon physically similar developments under a different form of ownership. This statement is made pursuant to Section 47C-1-106 of the Act for the purpose of providing marketable title to the Units in the Condominium.

2.9 Reservation of Special Declarant Rights. Declarant hereby reserves all Special Declarant Rights, as defined in Article 1.18.

ARTICLE III

Additional Real Estate

3.1 Declarant's Right to Add Additional Real Estate. Declarant expressly reserves the right to add the Additional Real Estate to the Condominium. All or part of the Additional Real Estate identified and described on Exhibit "A"-1 may be added to the Condominium at different times, but no assurances are made in regard to the order in which such portions may be added. Declarant shall have no duty or obligation of any kind to add any or all of the Additional Real Estate. The method of adding the Additional Real Estate to the Condominium shall be pursuant to Section 47C-2-110 of the Act.

3.2 Maximum Number of Additional Units; Units Restricted to Residential Use. The maximum number of additional Units that may be created within the Additional Real Estate is one hundred fifty-six (156) Units. All of such Units will be restricted exclusively to residential use.

3.3 Compatibility of Style, etc. It is Declarant's present intent that any buildings, amenities and Units that may be erected upon the Additional Real Estate, or a portion thereof, will be compatible with the other buildings and improvements in the Condominium in terms of architectural style, quality of construction, and size. However, Declarant expressly reserves

the right to change the architectural style, size and location of any buildings, amenities and Units that may be erected upon the Additional Real Estate.

3.4 Applicability of Restrictions, Etc. All restrictions in this Declaration and the Bylaws affecting use, occupancy and alienation of Units will apply to any and all additional Units that may be created within the Additional Real Estate.

3.5 Other Improvements and Common Elements. In addition to the buildings and Units that may be erected upon the Additional Real Estate or a portion thereof, the other improvements and Common Elements that may be made or created upon or within the Additional Real Estate or each portion thereof which may be added to the Condominium will be generally similar in quality and quantity to the improvements and Common Elements located in the Condominium.

3.6 Applicability of Assurances if Additional Real Estate Not Added. The assurances made in this Article III will not apply with respect to any Additional Real Estate that is not added to the Condominium. In the event that Declarant shall not expand the Condominium by the use of any portion of the Additional Real Estate, Declarant shall have the right to develop all or any portion of the Additional Real Estate without restriction.

3.7 Allocation of Interest in Common Elements and Common Expenses. If Declarant adds the Additional Real Estate, or portions thereof, to the Condominium, the percentage interest of each Unit Owner in the Common Elements and the Common Expenses will be determined by a ratio formulated upon the relation that each Unit bears to the total number of Units in the Condominium.

ARTICLE IV

Easements

4.1 Encroachments. In the event that, by reason of the construction, reconstruction, rehabilitation, alteration or improvement of the buildings or improvements comprising a part of the Property, any part of the Common Elements now or hereafter encroaches upon any part of any Unit, or any part of Common Elements, or upon any part of another Unit, an easement for the continued existence and maintenance of each such encroachment is hereby declared and granted and shall continue for so long as each such encroachment exists; provided that in no event shall an easement for such encroachment be created if such encroachment is detrimental to or interferes with the reasonable use and enjoyment of the Common Elements or Units so encroached upon.

4.2 Easements Through Walls. Easements are hereby declared and granted to the Association and to such persons as are authorized by the Association, to install, lay, maintain,

repair and replace any chutes, flues, ducts, vents, pipes, wires, conduits and other utility installations, and structural components running through the walls of the Units, whether or not such walls lie in whole or in part within the boundaries of any Unit.

4.3 Easements to Repair, Maintain, Restore and Reconstruct. Wherever in, and whenever by, this Declaration, the Bylaws or the Act, a Unit Owner, the Association, the Board or any other person, is authorized to enter upon a Unit or the Common Elements to inspect, repair, maintain, restore or reconstruct all or any part of a Unit or the Common Elements, such easements as are necessary for such entry and such repair, maintenance, restoration or reconstruction are hereby declared and granted.

4.4 Easements for Utilities. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant (until Declarant shall have satisfied all of its obligations under the Declaration and Bylaws and all commitments in favor of any Unit Owner and the Association), the Association, appropriate utility and service companies and governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easements provided for by this Section 4.4 shall include, without limitation, rights of Declarant, the Association, any providing utility, any service company, and any governmental agency or authority and any of them to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television and equipment facilities (cable or otherwise), electrical wires, conduits and equipment and ducts and vents and any other appropriate equipment and facilities over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 3.4, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant to a grantee other than the Declarant, or so as not to materially interfere with the use of occupancy of the Unit by its Owners.

4.5 Declarant's Easement.

(a) Declarant hereby reserves such easements through the Common Elements as may be reasonably necessary for the purposes of discharging its obligations, exercising Special Declarant Rights, and completing the development and construction of the Condominium, which easements shall exist as long as reasonably necessary for such purpose.

(b) Declarant, its successors, transfers and assigns, owning the Additional Real Estate, or any portion thereof, and the mortgagees of Declarant, its successors, transfers and

assigns, owning the Additional Real Estate, or any portion thereof, shall have and does hereby reserve a perpetual nonexclusive right and easement of use of those portions of the Common Elements of the Condominium used as driveways, including the Driveway Entrances from Crab Orchard Drive and Lake Dam Road, and of use of any and all water lines; sewer lines; lift station; storm water detention ponds; drainage easements; storm drains; electric, telephone, or cable television wires or conduits; gas lines; or similar utilities facilities that are a part of the Common Elements, to the extent reasonably necessary for Declarant, or such other owner of the Additional Real Estate, or a portion thereof, to have ingress and egress to and from the Additional Real Estate over the Common Elements, and to provide drainage facilities and utility services including sewer lines, the use of the lift station and the use of the storm water detention ponds drainage easements, storm drains and other drainage facilities, to the Additional Real Estate. Provided, however, the owner of the Additional Real Estate exercising such rights and easements shall contribute a reasonable pro-rata share of the cost of the operation and maintenance of the lift station and other utility facilities and other portions of the Common Elements so utilized. These easements and rights may not be changed without the prior written consent of all parties entitled to the exercise of such easements and rights. Any easements rights of the mortgagees of Declarant, its successors, transfers and assigns, provided for herein, shall terminate upon satisfaction and cancellation of that mortgagee's deed of trust.

(c) Declarant, its successors, transfers and assigns, owning the Additional Real Estate, or any portion thereof, and the mortgagees of Declarant, its successors, transfers and assigns, owning the Additional Real Estate, or any portion thereof, shall have and does hereby reserve a perpetual nonexclusive right and easement of use of those portions of the Common Elements that may be constructed as recreational amenities of the Condominium (basketball court, volleyball courts, pool and adjacent patio and decks, and clubhouse), provided, however, the owner of the Additional Real Estate exercising such rights and easements shall contribute a reasonable prorata share of the cost of the operation and maintenance of such amenities so utilized. These easements and rights may not be changed without the prior written consent of all parties entitled to the exercise of such easements and rights. Any easements rights of the mortgagees of Declarant, its successors, transfers and assigns, as provided for herein, shall terminate upon satisfaction and cancellation of the mortgagee's deed of trust.

4.6 Easements to Run With Land. All easements and rights described in this Article IV are appurtenant easements running with the land, and except as otherwise expressly provided in this Article IV shall be perpetually in full force and effect, and shall inure to the benefit of and be binding upon Declarant, its successors and assigns owning the Additional Real Estate, or any portion thereof Declarant's mortgagees, the Association, Unit

Owners, Occupants, First Mortgagees and any other person having any interest in the Condominium or any part thereof. The Condominium and every part thereof shall be conveyed and encumbered subject to and together with all easements and rights described in this Article IV, whether or not specifically mentioned in any such conveyance or encumbrance.

ARTICLE V

Restrictions, Conditions and Covenants

5.1 Compliance with Declaration, Bylaws and Rules and Regulations. Each Unit Owner and Occupant shall comply with all applicable provisions of the Act, this Declaration, the Bylaws, the Articles of Incorporation of the Association, and the Rules and Regulations promulgated by the Board or the Association, as amended. Failure to comply shall be grounds for an action by the Association, an aggrieved Unit Owner, or any person adversely affected, for recovery of damages, injunction, or other relief.

5.2 Administration of Condominium. The Condominium shall be administered in accordance with the provisions of the Act, this Declaration and the Bylaws.

5.3 Use Restricted; Use by Declarant.

(a) Except as may be otherwise expressly provided in this Declaration, each unit shall be used for residential purposes only and shall be occupied by no more than four (4) unrelated persons or six (6) related persons on a permanent basis. No trade or business of any kind may be conducted. Lease or rental of a unit for residential purposes shall not be considered to be a violation of this Covenant, so long as the lease is in compliance with the provisions of this Declaration, the Bylaws and reasonable Rules and Regulations adopted by the Board.

(b) Except as reserved by Declarant, no advertising signs (except one "For Rent" or "For Sale" sign per Unit of not more than 1' x 2' placed only inside the Unit), billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the property subject to this Declaration.

(c) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, Declarant shall have an easement to maintain sales offices (sales offices may be located in one or more Units and/or the clubhouse, if constructed) and models for sales of Units throughout the Condominium. Declarant shall have the right to relocate, from time to time, and to discontinue and reestablish, from time to time, within the Condominium, until all of the Units have been conveyed to a Unit Owner other than a Declarant, any one or more of such offices or models. Declarant also shall have the right to change the use or combination of uses of such offices or models, provided that such offices or models shall be

used only for sales offices or models. The total number of such offices or models maintained at any time by a Declarant shall not exceed four (4), and the size of any such relocated or re-established office or model shall not exceed the size of the largest Unit in the Condominium.

(d) Declarant shall also have an easement to maintain signs on the Common Elements advertising the Condominium until all of the Units have been conveyed to Unit Owners other than a Declarant. Declarant shall remove all such signs not later than one (1) year after all of the Units have been conveyed to Unit Owners other than Declarant and shall repair or pay for the repair of all damage done by removal of such signs.

(e) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, the Association may maintain an office in the Condominium for management of the Condominium, which office may be located in one or more Units or the clubhouse (if constructed).

5.4 Hazardous Use and Waste. Nothing shall be done to or kept in any Unit or the Common Elements that will increase any rate of insurance maintained with respect to the Condominium without the prior written consent of the Board. No Unit Owner or Occupant shall permit anything to be done to or kept in his Unit or the Common Elements that will result in the cancellation of insurance maintained with respect to the Condominium, or that would be in violation of any law, or that will result in the commitment of waste (damage, abuse, or destruction) to or in his Unit or the Common Elements.

5.5 Alterations of Common Elements. No Unit Owner or Occupant, except Declarant during the Declarant Control Period, shall alter, construct anything upon, or remove anything from, the Common Elements, or paint, decorate, landscape or adorn any portion of the Common Elements, without the prior written consent of the Board.

5.6 Prohibition of Renting for Transient or Hotel Purposes. No Unit Owner shall rent his Unit for transient or hotel purposes, which, for the purposes of this Declaration shall be defined as either a rental for any period less than thirty (30) days or any rental if the lessee of the Unit is provided customary hotel services. Each permitted lessee shall be in writing and shall be subject to this Declaration, the Bylaws, and the Rules and Regulations adopted hereunder and any failure of the lessee to comply with the terms of such documents shall be a default under the lease. Other than the foregoing restrictions, each Unit Owner shall have the full right to lease all or any portion of his Unit.

5.7 Pets. With the exception of domesticated fish and birds (which may be kept inside a Unit provided that they do not become a nuisance to any other Unit Owner), no pets, animals,

Livestock, or poultry of any kind shall be raised, bred, or kept on the property.

5.8 Rules and Regulations. In addition to the foregoing restrictions, conditions and covenants concerning the use of the Condominium, reasonable rules and regulations not in conflict therewith and supplementary thereto may be promulgated and amended from time to time by the Board or the Association, as more fully provided in the Bylaws.

5.9 Restrictions, Conditions and Covenants to Run With Land. Each Unit Owner and Occupant shall be subject to all restrictions, conditions and covenants of this Declaration, and all such restrictions, conditions and covenants shall be deemed to be covenants running with the land, and shall bind every person having any interest in the Property, and shall inure to the benefit of every Unit Owner.

5.10 Storage and Parking of Vehicles. No motor vehicle (other than private passenger vehicles including motorcycles and pick-up and small trucks which shall be currently licensed and inspected) including commercial vehicle, truck (other than pick-up and small truck), tractor, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other water craft, boat trailer, or any other transportation device of any kind, shall be parked or stored in or upon the Common Elements except in any area provided by the Association for such storage and subject to rules, regulations and fees charged by the Association, or parked or stored within any street right-of-way. Each Unit Owner shall be entitled to the use of four (4) parking spaces which may be designated by the Board. No Unit Owner or Occupant shall repair or restore any vehicle of any kind upon the property, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility.

5.11 Exterior and Visible Interior Improvements.

(a) No awnings, shades, screens or other item shall be attached to, hung or used on the exterior of any window or door of a unit or on the exterior of any building without the prior written consent of the Board of Directors. All shades, blinds, drapery linings and other window treatments visible from the exterior of a unit on any window or door shall be white or off-white. Outside clothes lines or other outside facilities for drying or airing clothes are specifically prohibited and shall not be erected, placed or maintained on any portion of the Condominium, nor shall any clothing, rugs, or any other item be hung on any railing or fence enclosing any balcony, porch, patio or deck.

(b) No unit owner shall install any electrical or telephone wire, television antenna, air conditioning unit, or other machine anywhere on the Condominium in such a fashion that it is visible anywhere outside of a Unit.

5.12 Prohibitions on Use of Common Elements. Except with the specific written approval of the Board, the Common Elements, including Limited Common Elements, shall not be used for temporary or permanent storage or supplies, personal property, trash or refuse of any kind, other than in common trash receptacles placed at the discretion of the Board, nor shall such areas be used in any way for the drying or airing of clothing, rugs or other fabrics. Entrances, sidewalks, yards, driveways, parking areas and stairways shall not be obstructed in any way. No activities shall be carried on nor condition maintained by any Unit Owner, either in his Unit or upon the Common Elements, if such activities should despoil, or tend to despoil, the appearance of the Property. No "garage", "attic sales" or "yard sales" shall be permitted outside of a Unit. It is expressly acknowledged and agreed by all parties concerned that this section is for the mutual benefit of all Unit Owners of the Property and is necessary for the protection of the Unit Owners and is enforceable by the Board or by any one or more Unit Owners through the Board of Directors.

5.13 Nuisances. No nuisances shall be allowed upon the Property and no person shall engage in any use, practice or activity upon the Property which is noxious, offensive or a source of annoyance to Unit Owners or their tenants or which reasonably interferes with the peaceful possession and proper use of the Condominium Property by any Unit Owner and/or tenants. No exterior speakers, horns, whistles, bells or other sound devices except security devices used exclusively for security purposes, shall be located, used or placed on the Property. All parts of the Property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate and no fire hazard shall be allowed to exist. Any Unit Owner who shall dump or place (or permit his family, tenants, guests or agent to do so) any trash or debris upon any portion of the Property shall be liable to the Association for the actual cost of removal thereof or the sum of \$100.00, whichever is greater, and the same shall be added to and become a part of the assessment next coming due to which the Unit Owner of his Unit is subject. No Unit Owner shall permit any use of a Unit or of the Common Elements which will increase the rate of insurance upon the Property. The Association and its Agent shall have the right to remove any item or items left outside a Unit on the Common Elements or hanging from a balcony.

5.14 Lawful Use. No immoral, improper or unlawful use shall be made of the Condominium Property or any part thereof. All valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof shall be observed.

5.15 Access to Units. The Association and its agent shall have access to each Unit from time to time during reasonable working hours, upon oral or written notice to its Unit Owner or occupant of the Unit, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association and its agents shall also have access to each

Unit at all times without notice, as may be necessary to make emergency repairs to prevent damage to Common Elements.

ARTICLE VI

Assessments

6.1 Assessment Liens. The Board has the power to levy assessments against the Units for Common Expenses. Such assessments, together with interest at the rate of ten percent (10%) per annum, costs and reasonable attorney's fees shall be a lien on the Units against which they are assessed, and if any payment thereof becomes delinquent, the lien may be foreclosed and the Unit sold, or a money judgment obtained against the persons liable therefor, all as set forth in the Bylaws.

6.2 Personal Liability of Transferees; Statement; Liability of First Mortgage.

(a) The personal obligation for assessments which are delinquent at the time of transfer of a Unit shall not pass to the transferee of said Unit unless said delinquent assessments are expressly assumed by said transferee.

(b) Any transferee referred to in (a) above shall be entitled to a statement from the Board, pursuant to Section 6.2 of the Bylaws, and such transferee's Unit shall not be subject to a lien for any unpaid assessments against such Unit in excess of the amount therein set forth.

(c) Where a First Mortgagee, or other person claiming through such First Mortgagee, pursuant to the remedies provided in a mortgage or deed of trust, or by foreclosure or by deed, or assignment, in lieu of foreclosure, obtains title to a Unit, the liability of such First Mortgagee or such other person for assessments shall be only for the assessments, or installments thereof, that would become delinquent, if not paid, after acquisition of title. For purposes hereof, title to a Unit shall be deemed acquired by foreclosure upon expiration of the applicable period of redemption.

(d) Without releasing the transferor from any liability therefore, any unpaid portion of assessments which is not a lien under (b) above, or, resulting, as provided in (c) above, from the exercise of remedies in a mortgage or deed of trust, or by foreclosure thereof or by deed, or assignment, in lieu of such foreclosure, shall be a Common Expense collectible from all Unit Owners, including the transferee under (b) above and the First Mortgagee of such other person under (c) above who acquires ownership by foreclosure or by deed, or assignment, in lieu of foreclosure.

6.3 Prohibition of Exemption from Liability for Contribution Toward Common Expenses. No Unit Owner may exempt himself from liability for his share of the Common Expenses

assessed by the Association by waiver or the use or enjoyment of any of the Common Elements or by abandonment of his Unit or otherwise.

6.4 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to all Units on the first day of the month following the conveyance of the first Unit by the Declarant. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year. The initial monthly assessment for the first calendar year shall not exceed ninety dollars (\$90.00) per month with the Board reserving the right to charge a lesser amount for the first year.

6.5 Capitalization of Association. Upon acquisition of record title to a Unit, each Owner shall contribute to the capital of the Association an amount equal to one-sixth (1/6) of the amount of the annual assessment for that Unit as determined by the Board. This amount shall be paid by the buyer at the closing of the purchase of the Unit and shall be disbursed to the Association.

ARTICLE VII

Management, Maintenance, Repairs Replacements, Alterations and Improvements

7.1 Common Elements.

(a) By the Association. The management, replacement, maintenance, repair, alteration, and improvement of the Common Elements shall be the responsibility of the Association, and subject to the provisions of Section 7.2 hereof, the cost thereof shall be a Common Expense to the extent not paid by Unit Owners pursuant to Section 7.1(b) hereof. In addition, the Association shall be responsible for providing and paying for water and sewer for all Units. All damage caused to a Unit by any work on or to the Common Elements done by or for the Association shall be repaired by the Association, and the cost thereof shall be a Common Expense.

(b) By Unit Owners. Each Unit Owner shall pay all costs to repair and replace all portions of the Common Elements that may become damaged or destroyed by reason of his intentional acts or the intentional acts of any Occupant of his Unit. Such payment shall be made upon demand made by the Association.

7.2 Common Expenses Associated with Limited Common Elements or Benefitting Less Than All Units.

(a) Any Common Expenses associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Unit, or in equal shares to the Units, to which such Limited Common Element was allocated at the time the expense was incurred.

(b) In addition, the Association may assess any Common Expense benefitting less than all of the Units against the Unit benefitted in proportion to their Common Expense liability.

7.3 Units. Each Unit Owner shall maintain his Unit, and any limited Common Elements appurtenant thereto, at all times in a good and clean condition, and repair and replace, at his expense, all portion of his Unit; shall perform his responsibilities in such manner as not to unreasonably disturb other Occupants; shall promptly report to the Board, or its agents, any defect or need for repairs the responsibility for which is that of the Association; and, to the extent that such expense is not covered by the proceeds of insurance carried by the Association, shall pay all costs to repair and replace any portion of another Unit that has become damaged or destroyed by reason of his own acts or omissions, or the acts or omissions of the any Occupant of his Unit. Such payment shall be made upon demand by the Unit Owner of such other Unit. Nothing herein contained shall modify any waiver by insurance companies of rights of subrogation.

7.4 Waiver of Claims. Except only as provided in Section 7.5(a) and (b), the Association agrees that it shall make no claim against a Unit Owner or Occupant, and each Unit Owner and Occupant agrees that he shall make no claim against the Association, the members of the Board, officers of the Association, or employees or agents of any thereof, or against any manager retained by the Board, or his or its officers, directors, employees or agents, or other Unit Owners or Occupants, for any loss or damage to any of the Property, or to a Unit of personal property therein, even if caused by the omission or neglect of any one or more of such persons and all such claims are hereby waived and released; provided, that this waiver shall not apply to any such loss or damage due to intentional acts.

7.5 Right of Entry.

(a) By the Association. The Association, and any person authorized by the Association, may enter any Unit or any of the Limited Common Elements in case of any emergency or dangerous conditions or situation originating in or threatening that Unit or any of the Limited Common Elements. The Association, and any person authorized by the Association, after reasonable notice to a Unit Owner or Occupant, may enter that Unit or any of the Limited Common Elements for the purposes of performing any of the Association's powers under the Act, this Declaration or the Bylaws with respect to that or any other Unit, any Limited Common Elements, or the Common Elements. Notwithstanding Section 7.4, the Association shall be responsible for the repair of any damage caused by the Association or its authorized person to the entered Unit, and the cost thereof shall be a Common Expense. All such entries shall be made and done so as to cause as little inconvenience as possible to the Unit Owner and Occupant of the entered Unit or any portion of the Limited Common Elements allocated to the Unit Owner.

(b) By Unit Owners. Each Unit Owner and Occupant shall allow other Unit Owners and Occupants, and their representatives, to enter his Unit, or Limited Common Elements allocated to his Unit, when reasonably necessary for the purpose of altering, maintaining, repairing or replacing the Unit, or performing the duties and obligations under the Act, this Declaration or the Bylaws, of the Unit Owner or Occupant making such entry, provided that requests for entry are made in advance and that such entry is at a time convenient to the Unit Owner or Occupant whose Unit or Limited Common Element is to be entered. In case of an emergency or dangerous condition or situation, such right of entry shall be immediate. Notwithstanding Section 7.4, the person making such entry shall be responsible for repair of any damage caused by such person to the entered Unit or Limited Common Element.

ARTICLE VIII

Insurance

8.1 Casualty Insurance. The Association shall maintain, to the extent available, casualty insurance upon the Property in the name of, and the proceeds thereof shall be payable to, the Association as trustee for all Unit Owners and First Mortgagees as their interest may appear, and be disbursed pursuant to the Act. Such insurance shall be in an amount equal to not less than one hundred percent (100%) of the full insurable value of the Property on a replacement cost basis exclusive of land, excavations, foundations and other items normally excluded from property policies, and shall insure against such risks and contain such provisions as the Board from time to time shall determine, but at a minimum shall conform in all respects to the requirements of the Act, and shall provide that, notwithstanding any provision thereof that gives the insurer an election to restore damage in lieu of making a cash settlement, such option shall not be exercisable if such restoration is prohibited pursuant to Section 47C-3-113(h) of the Act.

8.2 Public Liability Insurance. The Association shall maintain public liability insurance for the benefit of the Unit Owners, Occupants, the Association, the Board, the managing agent, if any, the Declarant, and their respective officers, directors, agents and employees, in such amounts and with such coverage as shall be determined by the Board; provided that the public liability insurance shall be for at least One Million Dollars (\$1,000,000.00) per occurrence for death, bodily injury and property damage. Said insurance shall comply in all respects with the requirement of the Act and shall contain a severability-of-interest endorsement precluding the insurer from denying liability because of negligent acts of any insured; insure all of such benefited parties against such liability arising out of or in connection with the use, ownership or maintenance of the Common Elements, and the streets, sidewalks and public spaces adjoining the Condominium; and insure the Association, the Board, the managing agent, if any, and their

respective officers, directors, agents and employees against such liability arising out of or in connection with the use or maintenance of the Units.

8.3 Fidelity Coverage. If available at reasonable cost, fidelity coverage shall be maintained by the Association in commercial blanket form covering each director and officer of the Association, any employee or agent of the Association and any other person handling or responsible for handling funds of the Association in the face amount of at least the greater of (i) one and one-half (1 1/2) times the estimated annual operating expenses and reserves of the Association, or (ii) the sum of three months' aggregate assessments on all Units plus the Association's reserve funds. Such bonds shall contain an appropriate endorsement to cover persons who serve without compensation. The premium on such bonds shall be a Common Expense.

8.4 Insurance Unavailable. If the insurance described in Sections 8.1, 8.2, or 8.3 is not reasonably available, the Association shall promptly cause notice of such fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners.

8.5 Other Insurance. The Association may procure such other insurance, including worker's compensation insurance, as it may from time to time deem appropriate to protect the Association or the Unit Owners. If at least one Unit is subject to mortgage financing, the Association shall obtain and keep in force such insurance as such mortgagee shall reasonably require from time to time.

8.6 Insurance Trustee. The Board may engage, and pay as a Common Expense, any appropriate person to act as an insurance trustee to receive and disburse insurance proceeds upon such terms as the Board shall determine, consistent with the provisions of the Act and this Declaration.

8.7 Individual Policy for Unit Owners. Each Unit Owner may obtain insurance, at his own expense, affording personal property, additional living expense, condominium assessment, personal liability, and any other coverage obtainable, to the extent and in the amounts such Unit Owner deems necessary to protect his own interest; provided that any such insurance shall contain waivers pursuant to Section 7.4 and shall provide that it is without contribution as against the insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds that would otherwise be payable on the insurance purchased by the Association due to the proration of the insurance purchased by a Unit Owner under this Section, such Unit Owner shall be liable to the Association to the extent of such reduction and shall pay the assigns the proceeds of his insurance, to the extent of such reduction, to the Association.

ARTICLE IX

Casualty Damage

If all or any part of the Property shall be damaged or destroyed, the same shall be repaired or replaced unless: (1) the Condominium is terminated, (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (3) the Unit Owners elect not to rebuild or replace by an ninety percent (90%) vote, including one hundred percent (100%) approval of owners of Units not to be rebuilt or owners assigned to Limited Common Elements not to be rebuilt. All proceeds of insurance shall be used and applied in accordance with the provisions of Section 47C-3-113(e) and (h) of the Act.

ARTICLE X

Condemnation

In the event of a taking by eminent domain, or by a conveyance in lieu thereof, of all or any part of the Property, the awards paid on account thereof shall be applied in accordance with Section 47C-1-107 of the Act and Section 9.2 of the Bylaws.

ARTICLE XI

Termination

The Condominium may be terminated only in strict compliance with Section 47C-2-118 of the Act and Section 9.4 of the Bylaws.

ARTICLE XII

Amendment

This Declaration may be amended only in strict compliance with the Act, including, without limitation, Sections 47C-2-105 and 47C-2-117 of the Act, except that no amendment altering or impairing Special Declarant Rights may be made without the written consent of Declarant.

In the event the Declarant has arranged for and provided purchasers of Units with VA and/or FHA insured mortgage loans, then as long as Declarant owns twenty-five percent (25%) of the Units in all Phases of University Commons, the following actions will require the prior written approval of the Federal Housing Administration and/or the Veterans Administration: Amendment of the Declaration or merger or consolidation with another condominium.

ARTICLE XIII

Rights of First Mortgagees;
FNMA and FHLMC Provisions

The following provisions shall take precedence over all other provisions of this Declaration and Bylaws:

13.1 Amendments During Declarant Control Period. Any amendments to this Declaration or to the Bylaws during the Declarant Control Period shall be subject to the prior approval of all First Mortgagees, provided, however, that, if any First Mortgagee fails to respond to a written request for approval within thirty (30) days of said request, approval shall be deemed to have been given by such First Mortgagee.

13.2 Availability of Condominium Documents, Books, Records and Financial Statements. The Association shall, upon request and during normal business hours, make available for inspection by Unit Owners and the First Mortgagees and the insurers and guarantors of a First Mortgage on any Unit, current copies of the Declaration, the Bylaws, other rules and regulations governing the Condominium and the books, records and financial statements of the Association. The Association shall provide a financial statement for the preceding fiscal year if requested in writing by a First Mortgagee or insurer or guarantor of a First Mortgage. The Association shall, upon request and during normal business hours, make available for inspection by prospective purchasers of Units, current copies of the Declaration, Bylaws, the Rules and Regulations governing the Condominium, and the most recent annual financial statement.

13.3 Successor's Personal Obligation for Delinquent Assessments. The personal obligations for assessments which are delinquent at the time of transfer of a Unit shall not pass to the successors in title or interest to said Unit unless said delinquent assessments are expressly assumed by them.

13.4 Rights of Action. The Association and any aggrieved Unit Owner shall have a right of action against Unit Owners and any aggrieved Unit Owner shall have a right of action against the Association for failure to comply with the provisions of this Declaration, the Bylaws and the Rules and Regulations, and decisions of the Association made pursuant to authority granted to the Association in this Declaration and the Bylaws.

13.5 Management and Other Agreements. Any management agreement between the Declarant or the Association and a professional manager or any other agreement providing for services of the sponsor or Declarant shall be terminable by either party thereto without cause and without payment of a termination fee upon not more than thirty (30) days' prior written notice and shall not exceed a term of three (3) years, subject to renewal by the consent of both parties.

13.6 Right of First Refusal. The right of a Unit Owner to sell, transfer, mortgage or otherwise convey his interest in his Unit shall not be subject to any right of first refusal.

13.7 Consent of First Mortgagees. This Section 13.7

shall be effective only if, at the time this Section would apply, at least one Unit is subject to mortgage financing.

Any decision to terminate the Condominium for reasons other than substantial destruction or condemnation of the property shall require the prior written consent of Eligible Mortgage Holders, as defined in Section 13.9 hereof, representing at least 67% of the votes allocated to Units subject to First Mortgages held by Eligible Mortgage Holders, or such greater requirements specified by the Act.

Any amendment to the Declaration or Bylaws which materially changes any of the following shall require the prior written consent of Unit Owners holding at least 67% of the total votes in the Association and of Eligible Mortgage Holders representing at least 51% of the votes allocated to Units subject to First Mortgages held by Eligible Mortgage Holders, or such greater requirements specified by the Act or hereunder:

- (a) voting rights;
- (b) assessments, assessment liens or subordination of such liens;
- (c) reserves for maintenance, repair and replacement of Common Elements;
- (d) responsibility for maintenance and repairs;
- (e) reallocation of interests in the Common Elements or Limited Common Elements or rights to their use;
- (f) boundaries of any Unit;
- (g) convertibility of Units into Common Elements or Common Elements into Units;
- (h) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;
- (i) insurance or fidelity bonds;
- (j) leasing of Units;
- (k) imposition of any restrictions on a Unit Owner's right to sell, transfer or otherwise convey his Unit;
- (l) a decision by the Association to establish self-management when professional management had been required previously by any Eligible Mortgage Holder;
- (m) restoration or repair of the Condominium (after damage or destruction or partial condemnation) in a manner other

than that specified in this Declaration or the Bylaws;

(n) any action to terminate the legal status of the Condominium after substantial damage or destruction or condemnation; or

(o) any provisions that expressly benefit First Mortgagees or insurers or guarantors of First Mortgagees.

An addition or amendment to the Declaration or Bylaws shall not be considered material if it is for the purpose of correcting technical or typographical errors, or for clarification only.

13.8 Consent of First Mortgagees or Unit Owners. This Section 13.8 shall be effective only if, at the time this Section would apply, at least one Unit is subject to mortgage financing.

Unless First Mortgagees holding at least 66 2/3% of the votes allocated to First Mortgagees except higher percentages as are required by law, of the First Mortgagees (based upon one vote for each First Mortgage owned) and Unit Owners (other than a Declarant) holding at least 66 2/3% of the total votes in the Association have given their prior written approval, or such greater requirements specified in the Act or hereunder have been satisfied, the Association shall not be entitled to:

(a) by act or omission, seek or abandon or terminate the Condominium;

(b) change the pro-rata interest or obligations of any Unit for the purpose of:

(i) Levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

(ii) determining the pro-rata share of ownership of each Unit in the Common Elements;

(c) partition or subdivide any Unit;

(d) except in the case of any addition of the Additional Real Estate pursuant to the provisions hereof, by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.);

(e) use hazard insurance proceeds for losses to any part of the Condominium (whether to Units or to Common Elements) for other than repair, replacement, or reconstruction thereof subject to Article IX and Section 6.1 of Article VIII hereof.

13.9 Notice. Each first Mortgagee and each insurer or guarantor of a First Mortgage, upon written request stating its name and address and describing the Unit encumbered by the First Mortgage, held, insured or guaranteed, shall be entitled to timely written notification by the Association of (i) any proposed action which requires consent of a specified percentage of First Mortgagees; (ii) any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing its First Mortgage; (iii) any 60-day delinquency in the payment of assessments or charges owed by the Unit Owner of the Unit on which the First Mortgagee held its First Mortgage or in the performance of any obligation under this Declaration or the Bylaws by said Unit Owner; or (iv) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association. Each First Mortgagee who has requested the Association to notify it of any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders shall be considered an "Eligible Mortgage Holder." With respect only to non-material amendments (which excludes items (a) to (o) of Section 13.7), such as for the correction of technical errors or for clarification, any First Mortgagee who receives a written request by the Association, or any Unit Owner, to approve an addition or amendment to the Declaration or Bylaws who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have approved such request.

13.10 Assessments. Assessments shall be due and payable in monthly installments. As provided in Article VI of the Bylaws and as legally required by Section 47C-1-115 of the Act, Declarant shall pay all accrued expenses of the Condominium until assessments are levied against the Units. An assessment shall be deemed levied against a Unit upon the giving of notice by the Board to a member of the Association who is a Unit Owner of that Unit. Unit Owners shall have no obligation to pay monthly assessments until an assessment is levied.

13.11 Rights of First Mortgagee; Insurance Proceeds or Condemnation Awards. With respect to First Mortgages held by or for the benefit of First Mortgagees, no provision of this Declaration or the Bylaws shall be deemed to give a Unit Owner or any other party, priority over any rights of a First Mortgagee pursuant to its First Mortgage on said Unit Owner's Unit, in the case of a distribution to said Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

13.12 Additional Real Estate: Consent of Administrator; Common Element Interests; Reallocation. In the event any First Mortgages are guaranteed by the Veterans Administration, the Additional Real Estate may not be added to the Condominium without the prior written consent of the Administrator of the Veterans Administration. If the Additional Real Estate is added, the ownership interest in the Common Elements and the liability for Common Expenses for each Unit shall be reallocated on the

basis of equality in proportion to each Unit relationship to the total number of Units and each Unit shall continue to have one vote. The effective date for said reallocation shall be the date of recordation of the amendment to this Declaration, which document shall comply with the provisions of the Act. The effective date for the assignment of assessments to the Units added to the Condominium shall be the date the Board levies an assessment against said Units. All improvements intended to be located within any portion of the Additional Real Estate added to the Condominium shall be substantially completed prior to the addition of said portion of the Additional Real Estate.

ARTICLE XIV

General Provisions

14.1 Conflict With the Act; Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provisions of the Act, the provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event the Declaration shall control. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph or clause of this Declaration, or of any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, or the application of any such covenant, restriction, condition, limitation, provision, paragraph or clause to any other person or circumstance.

14.2 Interpretation of Declaration. Whenever appropriate singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely to the part in which they appear.

14.3 Captions. The captions herein are only for convenience and reference and do not define, limit or describe the scope of this Declaration, or the intent of any provision.

14.4 Exhibits. Exhibits "A", "A-1", "B", "C", "D" and "E" attached hereto are hereby made a part hereof.

14.5 Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity or enforceability or effect of the remainder of this Declaration, and in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

14.6 Waiver. No provision of this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or

breaches which may occur.

14.7 Law Controlling. This Declaration shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, Declarant hereby executes this Declaration by and through its authorized representatives on the day and year first above written.

Lake Park Condominium, LLC,
a North Carolina limited liability company
: (SEAL)

By: _____ (SEAL)
Robert N. Bradley, Manager

STATE OF _____
COUNTY OF _____

I, _____, a Notary Public for the County and State aforesaid, do hereby certify that Robert N. Bradley, Manager of Lake Park Condominium, LLC, a North Carolina limited liability company, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal this ____ day of _____, 19____.

Notary Public

My Commission Expires: _____

WP/RAYNES/LAKEPARK/DECLAR (1/10/97)

EXHIBIT "A"
TO
DECLARATION OF LAKE PARK CONDOMINIUM

That certain real property located in Wake County, North Carolina, and being more particularly described as follows*:

Subject to the easements and right of way identified in the "NOTE", below, all of that property within the area delineated on that certain map entitled "PRELIMINARY PLAT OF LAKE PARK CONDOMINIUM", prepared by Aiken & Yelle Associates, PA, dated January 9, 1997 (hereinafter "Preliminary Plat"), which area includes proposed locations for Buildings 1A, 1B, 2A, 2B, 3A and 3B, adjacent parking areas**, and the approximate 2.61 acre parcel of land located on the west side of Lake Dam Road.

NOTE: It is anticipated that Declarant may be dedicating a variable width "Ingress/Egress Easement" to the City of Raleigh, which easement would extend from Crab Orchard Drive to Lake Dam Road, as shown on the Preliminary Plat identified above. Also, as shown on such Preliminary Plat, there is a portion of a "Recreation Area Easement" and the 60 foot public right of way for Lake Dam Road that cross the property.

* The property description set forth in this Exhibit "A" will be replaced with a specific metes and bounds description for the property to be included in Phases 1A, 1B, 2A, 2B, 3A and 3B of the Condominium, or such other phases and parcels of property as the Declarant may elect to include in the initial phase of the Condominium, prior to the recording of this Declaration.

** Buildings 1A, 1B, 2A, 2B, 3A and 3B, and related parking for these phases, as shown on the Preliminary Plat identified above, **"MUST BE BUILT"**. Any other improvements shown on such Preliminary Plat **"NEED NOT BE BUILT"**. (See "Public Offering Statement" for Lake Park Condominium.)

EXHIBIT "A-1"
TO
DECLARATION OF LAKE PARK CONDOMINIUM

That certain real property located in Wake County, North Carolina, and being more particularly described as follows*:

Except for the property identified on the attached Exhibit "A", and subject to the possible dedications identified in the "NOTE", below, all of the property identified within the area delineated on that certain map entitled "LAKE PARK CONDOMINIUM PRELIMINARY PHASING PLAN", prepared by Aiken & Yellé Associates, PA, dated January 8, 1997 (hereinafter "Preliminary Phasing Plan"), which area includes proposed locations for Phases 4A, 4B, 5A, 5B, 6A, 6B, 7A, 7B, 8A, 8B, 9A and 9B, adjacent property, buildings, parking areas, volleyball courts, basketball court, pool, concrete patio, wood decks, clubhouse, and wood retaining walls. This property is subject to the easements and any other matters of record identified on the above-referenced Preliminary Phasing Plan.

NOTE: Declarant is in the process of negotiating a possible dedication of a portion of the property identified in this Exhibit "A-1" to the City Of Raleigh Greenway System. If agreed to by Declarant and the City, such dedicated property would include some or all of the area identified on the above-referenced map as "AREA 1 6.65 AC. TO BE DEDICATED TO THE CITY OF RALEIGH GREENWAY SYSTEM" and would not be included as part of the "Additional Real Estate" identified in the attached Declaration.

- * The property description set forth in this Exhibit "A-1" will be replaced with a specific metes and bounds description for the property identified herein, or such other portion of the property identified on the above-referenced Preliminary Phasing Plan as the Declarant may elect to designate as "Additional Real Estate" that may be added to the Condominium, prior to the recording of this Declaration.
- ** The property identified in this Exhibit "A-1" includes property, some or all of which, at the discretion of the Developer, may be added to the Condominium. Except for Buildings 1A, 1B, 2A, 2B, 3A and 3B, and related parking for these phases, as shown on the attached Exhibit "A", the other buildings, amenities (including, but not limited to, the clubhouse, volleyball courts, basketball court, pool, concrete patio, wood decks, wood retaining walls, and other improvements shown on the above-referenced Preliminary Phasing Plan, "**NEED NOT BE BUILT**". (See "Public Offering Statement" for Lake Park Condominium.)

EXHIBIT "B"
TO
DECLARATION OF LAKE PARK CONDOMINIUM

PERCENT INTEREST CHART

<u>Phase No.</u>	<u>Bldg. No</u>	<u>Units No. On Plans</u>	<u>Address</u>	<u>Unit Location</u>	<u>Percent Interest</u>
1A	1A	Y	1221 University Court	Terrace Level	0.6944
1A	1A	Z	1221 University Court	Terrace Level	0.6944
1A	1A	A	1221 University Court	Main Level	0.6944
1A	1A	B	1221 University Court	Main Level	0.6944
1A	1A	C	1221 University Court	Main Level	0.6944
1A	1A	D	1221 University Court	Main Level	0.6944
1A	1A	E	1221 University Court	Mid-Level	0.6944
1A	1A	F	1221 University Court	Mid-Level	0.6944
1A	1A	G	1221 University Court	Mid-Level	0.6944
1A	1A	H	1221 University Court	Mid-Level	0.6944
1A	1A	J	1221 University Court	Penthouse Level	0.6944
1A	1A	K	1221 University Court	Penthouse Level	0.6944
1A	1A	L	1221 University Court	Penthouse Level	0.6944
1A	1A	M	1221 University Court	Penthouse Level	0.6944
1B	1B	Y	1231 University Court	Terrace Level	0.6944
1B	1B	Z	1231 University Court	Terrace Level	0.6944
1B	1B	A	1231 University Court	Main Level	0.6944
1B	1B	B	1231 University Court	Main Level	0.6944
1B	1B	C	1231 University Court	Main Level	0.6944
1B	1B	D	1231 University Court	Main Level	0.6944
1B	1B	E	1231 University Court	Mid-Level	0.6944
1B	1B	F	1231 University Court	Mid-Level	0.6944
1B	1B	G	1231 University Court	Mid-Level	0.6944
1B	1B	H	1231 University Court	Mid-Level	0.6944
1B	1B	J	1231 University Court	Penthouse Level	0.6944
1B	1B	K	1231 University Court	Penthouse Level	0.6944
1B	1B	L	1231 University Court	Penthouse Level	0.6944
1B	1B	M	1231 University Court	Penthouse Level	0.6944
2A	2A	Y	1241 University Court	Terrace Level	0.6944
2A	2A	Z	1241 University Court	Terrace Level	0.6944
2A	2A	A	1241 University Court	Main Level	0.6944
2A	2A	B	1241 University Court	Main Level	0.6944
2A	2A	C	1241 University Court	Main Level	0.6944
2A	2A	D	1241 University Court	Main Level	0.6944
2A	2A	E	1241 University Court	Mid-Level	0.6944
2A	2A	F	1241 University Court	Mid-Level	0.6944
2A	2A	G	1241 University Court	Mid-Level	0.6944
2A	2A	H	1241 University Court	Mid-Level	0.6944
2A	2A	J	1241 University Court	Penthouse Level	0.6944
2A	2A	K	1241 University Court	Penthouse Level	0.6944
2A	2A	L	1241 University Court	Penthouse Level	0.6944
2A	2A	M	1241 University Court	Penthouse Level	0.6944

EXHIBIT "B"
TO
DECLARATION OF LAKE PARK CONDOMINIUM

PERCENT INTEREST CHART

Phase No.	Bldg. No	Units No. On Plans	Address	Unit Location	Percent Interest
2B	2B	Y	1251 University Court	Terrace Level	0.6944
2B	2B	Z	1251 University Court	Terrace Level	0.6944
2B	2B	A	1251 University Court	Main Level	0.6944
2B	2B	B	1251 University Court	Main Level	0.6944
2B	2B	C	1251 University Court	Main Level	0.6944
2B	2B	D	1251 University Court	Main Level	0.6944
2B	2B	E	1251 University Court	Mid-Level	0.6944
2B	2B	F	1251 University Court	Mid-Level	0.6944
2B	2B	G	1251 University Court	Mid-Level	0.6944
2B	2B	H	1251 University Court	Mid-Level	0.6944
2B	2B	J	1251 University Court	Penthouse Level	0.6944
2B	2B	K	1251 University Court	Penthouse Level	0.6944
2B	2B	L	1251 University Court	Penthouse Level	0.6944
2B	2B	M	1251 University Court	Penthouse Level	0.6944
3A	3A	Y	1230 University Court	Terrace Level	0.6944
3A	3A	Z	1230 University Court	Terrace Level	0.6944
3A	3A	A	1230 University Court	Main Level	0.6944
3A	3A	B	1230 University Court	Main Level	0.6944
3A	3A	C	1230 University Court	Main Level	0.6944
3A	3A	D	1230 University Court	Main Level	0.6944
3A	3A	E	1230 University Court	Mid-Level	0.6944
3A	3A	F	1230 University Court	Mid-Level	0.6944
3A	3A	G	1230 University Court	Mid-Level	0.6944
3A	3A	H	1230 University Court	Mid-Level	0.6944
3A	3A	J	1230 University Court	Penthouse Level	0.6944
3A	3A	K	1230 University Court	Penthouse Level	0.6944
3A	3A	L	1230 University Court	Penthouse Level	0.6944
3A	3A	M	1230 University Court	Penthouse Level	0.6944
3B	3B	Y	1220 University Court	Terrace Level	0.6944
3B	3B	Z	1220 University Court	Terrace Level	0.6944
3B	3B	A	1220 University Court	Main Level	0.6944
3B	3B	B	1220 University Court	Main Level	0.6944
3B	3B	C	1220 University Court	Main Level	0.6944
3B	3B	D	1220 University Court	Main Level	0.6944
3B	3B	E	1220 University Court	Mid-Level	0.6944
3B	3B	F	1220 University Court	Mid-Level	0.6944
3B	3B	G	1220 University Court	Mid-Level	0.6944
3B	3B	H	1220 University Court	Mid-Level	0.6944
3B	3B	J	1220 University Court	Penthouse Level	0.6944
3B	3B	K	1220 University Court	Penthouse Level	0.6944
3B	3B	L	1220 University Court	Penthouse Level	0.6944
3B	3B	M	1220 University Court	Penthouse Level	0.6944

EXHIBIT "B"
TO
DECLARATION OF LAKE PARK CONDOMINIUM

PERCENT INTEREST CHART

<u>Phase No.</u>	<u>Bldg. No</u>	<u>Units No. On Plans</u>	<u>Address</u>	<u>Unit Location</u>	<u>Percent Interest</u>
4A	4A	A	1411 Collegiate Circle	Main Level	0.6944
4A	4A	B	1411 Collegiate Circle	Main Level	0.6944
4A	4A	C	1411 Collegiate Circle	Main Level	0.6944
4A	4A	D	1411 Collegiate Circle	Main Level	0.6944
4A	4A	E	1411 Collegiate Circle	Mid-Level	0.6944
4A	4A	F	1411 Collegiate Circle	Mid-Level	0.6944
4A	4A	G	1411 Collegiate Circle	Mid-Level	0.6944
4A	4A	H	1411 Collegiate Circle	Mid-Level	0.6944
4A	4A	J	1411 Collegiate Circle	Penthouse Level	0.6944
4A	4A	K	1411 Collegiate Circle	Penthouse Level	0.6944
4A	4A	L	1411 Collegiate Circle	Penthouse Level	0.6944
4A	4A	M	1411 Collegiate Circle	Penthouse Level	0.6944
4B	4B	A	1401 Collegiate Circle	Main Level	0.6944
4B	4B	B	1401 Collegiate Circle	Main Level	0.6944
4B	4B	C	1401 Collegiate Circle	Main Level	0.6944
4B	4B	D	1401 Collegiate Circle	Main Level	0.6944
4B	4B	E	1401 Collegiate Circle	Mid-Level	0.6944
4B	4B	F	1401 Collegiate Circle	Mid-Level	0.6944
4B	4B	G	1401 Collegiate Circle	Mid-Level	0.6944
4B	4B	H	1401 Collegiate Circle	Mid-Level	0.6944
4B	4B	J	1401 Collegiate Circle	Penthouse Level	0.6944
4B	4B	K	1401 Collegiate Circle	Penthouse Level	0.6944
4B	4B	L	1401 Collegiate Circle	Penthouse Level	0.6944
4B	4B	M	1401 Collegiate Circle	Penthouse Level	0.6944
5A	5A	A	1431 Collegiate Circle	Main Level	0.6944
5A	5A	B	1431 Collegiate Circle	Main Level	0.6944
5A	5A	C	1431 Collegiate Circle	Main Level	0.6944
5A	5A	D	1431 Collegiate Circle	Main Level	0.6944
5A	5A	E	1431 Collegiate Circle	Mid-Level	0.6944
5A	5A	F	1431 Collegiate Circle	Mid-Level	0.6944
5A	5A	G	1431 Collegiate Circle	Mid-Level	0.6944
5A	5A	H	1431 Collegiate Circle	Mid-Level	0.6944
5A	5A	J	1431 Collegiate Circle	Penthouse Level	0.6944
5A	5A	K	1431 Collegiate Circle	Penthouse Level	0.6944
5A	5A	L	1431 Collegiate Circle	Penthouse Level	0.6944
5A	5A	M	1431 Collegiate Circle	Penthouse Level	0.6944

EXHIBIT "B"
TO
DECLARATION OF LAKE PARK CONDOMINIUM

PERCENT INTEREST CHART

<u>Phase No.</u>	<u>Bldg. No</u>	<u>Units No. On Plans</u>	<u>Address</u>	<u>Unit Location</u>	<u>Percent Interest</u>
5B	5B	A	1441 Collegiate Circle	Main Level	0.6944
5B	5B	B	1441 Collegiate Circle	Main Level	0.6944
5B	5B	C	1441 Collegiate Circle	Main Level	0.6944
5B	5B	D	1441 Collegiate Circle	Main Level	0.6944
5B	5B	E	1441 Collegiate Circle	Mid-Level	0.6944
5B	5B	F	1441 Collegiate Circle	Mid-Level	0.6944
5B	5B	G	1441 Collegiate Circle	Mid-Level	0.6944
5B	5B	H	1441 Collegiate Circle	Mid-Level	0.6944
5B	5B	J	1441 Collegiate Circle	Penthouse Level	0.6944
5B	5B	K	1441 Collegiate Circle	Penthouse Level	0.6944
5B	5B	L	1441 Collegiate Circle	Penthouse Level	0.6944
5B	5B	M	1441 Collegiate Circle	Penthouse Level	0.6944
6A	6A	A	1440 Collegiate Circle	Main Level	0.6944
6A	6A	B	1440 Collegiate Circle	Main Level	0.6944
6A	6A	C	1440 Collegiate Circle	Main Level	0.6944
6A	6A	D	1440 Collegiate Circle	Main Level	0.6944
6A	6A	E	1440 Collegiate Circle	Mid-Level	0.6944
6A	6A	F	1440 Collegiate Circle	Mid-Level	0.6944
6A	6A	G	1440 Collegiate Circle	Mid-Level	0.6944
6A	6A	H	1440 Collegiate Circle	Mid-Level	0.6944
6A	6A	J	1440 Collegiate Circle	Penthouse Level	0.6944
6A	6A	K	1440 Collegiate Circle	Penthouse Level	0.6944
6A	6A	L	1440 Collegiate Circle	Penthouse Level	0.6944
6A	6A	M	1440 Collegiate Circle	Penthouse Level	0.6944

Exhibit "C"
TO
DECLARATION OF LAKE PARK CONDOMINIUM

ENCUMBRANCES UPON TITLE

The Condominium is subject to:

(a) Terms, conditions and restrictions of the Declaration, the Bylaws, the Plans and the Rules and Regulations, if any, as each may be amended from time to time.

(b) General utility easements to Carolina Power and Light Company and any other public utilities.

(c) Unrecorded easements, discrepancies or conflicts in boundary lines, shortages in area encroachments which an accurate and complete survey would disclose, including any easements and encroachments as shown on the Plat and Plans.

(d) Easements and restrictions described in Articles IV and V of the Declaration including:

- (i) Easements in favor of the appropriate utility companies to serve the Condominium Property and all appurtenances thereto;
- (ii) Easements in favor of the Association and to such persons as authorized by the Association for utility installations within the walls of the Units;
- (iii) An easement in favor of the Association, a Unit Owner, the Executive Board or any other person as permitted under the Condominium Documents to inspect, maintain, repair and replace the Common Elements;
- (iv) Easements in favor of the Declarant, the Association, appropriate utility and service companies and governmental agencies and authorities for such utility and service lines and equipment as may be necessary or desirable over the Units and the Common Elements to serve any portion of the Condominium Property;
- (v) Easements reserved by the Declarant through the Common Elements as reasonably necessary for discharging its obligations under the Condominium Documents and completion of construction of the Condominium;
- (vi) Easements reserved by the Declarant to maintain sales offices or models in the Condominium on the condominium property;

- (vii) Easements reserved by the Declarant and Declarant's mortgagee to provide access and utilities to the Additional Property; and
 - (viii) Easements reserved by the Declarant, its successors, transfers and assigns, and their respective mortgage lenders, for the use of those portions of the Common Elements that may be constructed as recreational amenities in the Condominium, by the owners of all, or any portion of, the Additional Real Estate identified in Exhibit "A-1" of this Declaration, whether or not such property is added to the Condominium.
- (e) Rights of others thereto entitled to the continued uninterrupted flow of Walnut Creek located on the Property.
- (f) Easement(s) to Southern Bell Telephone and Telegraph Company (Bk 3404, Pg 832, WCR).
- (g) Easement(s) to Carolina Power and Light Company (Bk 3419, Pg 971, WCR).
- (h) Easement(s) for a 20' sanitary sewer (Bk 6102, Pg 747, WCR).
- (i) Easement(s) to the City of Raleigh and UDRT of North Carolina (Bk 7203, Pg 154, WCR).
- (j) All easements and other matters of record that appear on that certain map entitled "PRELIMINARY PLAT OF LAKEPARK CONDOMINIUM", prepared by Aiken & Yelle Associates, PA, dated 1/9/97, and/or that certain map entitled "LAKE PARK CONDOMINIUM PRELIMINARY PHASING PLAN", prepared by Aiken & Yelle Associates, PA, dated 1/8/97, including but not limited to the following:
- (i) Walnut Creek Sanitary Sewer Outfall, 40' City of Raleigh Easement (BOM 1960, Pg 251, WCR);
 - (ii) 20' City of Raleigh Sanitary Sewer Easement (BOM 1994, Pg 1134, WCR);
 - (iii) 20' Sanitary Sewer Easement (BOM 1985, Pg 209, WCR);
 - (iv) Recreation Area Easement (D.B. 2284, Pg 463, WCR);
 - (v) Orchards Drive (BOM 1972, Pg 476, WCR);
 - (vi) 20' Private Sanitary Sewer Easement (BOM 1985, Pg 209, WCR);
 - (vii) 60' Public Right Of Way for Lake Dam Road;
 - (viii) Lake Dam Road Sight Triangle;
 - (ix) Wetlands areas; and

(x) Floodway boundary.

NOTE: It is anticipated that Declarant may be dedicating a variable width "Ingress/Egress Easement" to the City of Raleigh, which easement would extend from Crab Orchard Drive to Lake Dam Road, as shown on that certain map entitled "PRELIMINARY PLAT OF LAKE PARK CONDOMINIUM", prepared by Aiken & Yelle Associates, PA, dated 1/9/97.

WP/RAYNES/LAKEPARK (1/10/97)

ARTICLES OF INCORPORATION
OF
LAKE PARK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, who is a resident of Wake County, North Carolina and is of the age of eighteen (18) years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a corporation not for profit and does hereby certify:

ARTICLE I

Name

The name of the corporation is Lake Park Condominium Homeowners Association, Inc. (hereinafter called the "Association").

ARTICLE II

Duration

The corporation shall have perpetual duration.

ARTICLE III

Non-Profit Qualifications

This corporation does not contemplate pecuniary gain or profit to the members thereof and it is organized for non-profit purposes. It is intended that this corporation qualify as an except organization under the provisions of Chapter 55A of the North Carolina General Statutes, and as a homeowners association under the provisions of Section 528 of the Internal Revenue Code. No party of the net earnings of this corporation shall inure to the benefit of any private member or individual.

ARTICLE IV

Registered/Principal Office and Agent

The principal and registered office of the Association is located at 2508 Avent Ferry Road, Raleigh, Wake County, North Carolina 27606, and the initial registered agent of the Association, whose address is 2508 Avent Ferry Road, Raleigh, Wake County, North Carolina 27606, is Judith M. Wilson.

ARTICLE V

Purposes and Powers

The Association does not contemplate pecuniary gain or

benefit, direct or indirect, to its members. In way of explanation and not of limitation, the purposes for which it is formed are:

- (a) to be and constitute the Association to which reference is made in the Declaration of Lake Park Condominium, as amended (hereinafter the "Declaration") recorded or to be recorded in the Office of the Register of Deeds of Wake County, North Carolina, to perform all obligations and duties of the Association and to exercise all rights and powers of the Association, as specified therein, in the Bylaws, and as provided by law; and
- (b) to provide an entity for the furtherance of the interests of the owners of units in the development.

In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Declaration or Bylaws, may be exercised by the Executive Board of the Association;

- (a) all the powers conferred upon non-profit corporations by common law and the Statutes of the State of North Carolina in effect from time to time;
- (b) all the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, or the Declaration, including without limitation the following:
 - (i) to fix and to collect assessments or other charges to be levied against the properties;
 - (ii) to manage, control, operate, maintain, repair and improve the common elements, and any property subsequently acquired by the Association, or any property owned by another, for which the Association, by rule, regulation, Declaration, or contract, has a right or duty to provide such services;
 - (iii) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or Bylaws;
 - (iv) to engage in activities which will actively foster, promote and advance the common interests of all owners of units at the development;
 - (v) to buy or otherwise acquire, sell, or otherwise

dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal in and with real, personal and mixed property of all kinds and any right or interest therein for any purpose of the Association;

- (vi) to borrow money for any purpose except as may be limited by law, the Declaration, or Bylaws;
- (vii) to enter into, make, perform, or enforce contracts of every kind and description and to do all other acts necessary, appropriate or advisable in carrying out any purpose of the Association, with or in association with any other Association, corporation, or other entity or agency, public or private;
- (ix) to adopt, alter, and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such Bylaws may not be inconsistent with or contrary to any provisions of the Declaration;
- (x) to provide any and all supplemental municipal services as may be necessary or proper;
- (xi) the foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article V are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article V.

ARTICLE VI

Membership

The Association shall be a membership corporation without certificates or shares of stock. All unit owners, by virtue of their ownership of units in the condominium, are members of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

ARTICLE VII

Executive Board

The affairs of this Association shall be managed by an Executive Board of three (3) directors who need not be members of the Association. The number of directors may be changed by amendment of the Bylaws of the Association. The names and addresses of the persons who will serve as members of the Executive Board until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Robert N. Bradley	210 First Street, Suite 240 Roanoke, Virginia 24011
Kevin M. Meredith	210 First Street, Suite 240 Roanoke, Virginia 24011
Alma R. Martin	210 First Street, Suite 240 Roanoke, Virginia 24011

The method of election and term of office, removal and filling of vacancies shall be as set forth in the Bylaws. The Executive Board may delegate such operating authority to such companies, individuals, or committees as it, in its discretion, may determine.

ARTICLE VIII

Dissolution

The Association may be dissolved only as provided in the Declaration, Bylaws and by the laws of the State of North Carolina; and upon such dissolution, the corporation's assets shall be distributed as provided in N.C. General Statutes Section 55A-14-03.

ARTICLE IX

Amendments

These Articles may be amended as provided by the provisions of Chapter 55A of the North Carolina General Statutes, provided that no amendment shall conflict with the Declaration or the North Carolina Condominium Act, Chapter 47C of the North Carolina General Statutes.

ARTICLE X

Incorporator

The name and address of the incorporator is as follows:

David A. Raynes
Perry, Patrick, Farmer & Michaux, P.A.
3716 National Drive, Suite 100

Raleigh, North Carolina 27612

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of North Carolina, I, the undersigned, being the incorporator of this Association, have executed these Articles of Incorporation this ___ day of _____, 19__.

David A. Raynes

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, _____, a Notary Public for said State and County, do hereby certify that David A. Raynes personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this _____ day of _____, 19__.

Notary Public

My commission expires:

(NOTARIAL SEAL)

**BYLAWS
OF
LAKE PARK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.**

INDEX TO BYLAWS OF
LAKE PARK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

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BYLAWS OF
LAKE PARK CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

ARTICLE I.

Name, Membership, Applicability and Definitions

1.1 Name. The name of the Association shall be Lake Park Condominium Homeowners Association, Inc. (hereinafter sometimes referred to as the "Association").

1.2 Membership. All Unit Owners, as that term is defined in the Declaration Of Lake Park Condominium, shall be members of the Association and the terms of the above referenced Declaration which pertain to membership are specifically incorporated herein by reference.

1.3 Definitions. The words used in these Bylaws shall have the same meaning as set forth in said Declaration, unless the context shall prohibit.

ARTICLE II.

Association: Meetings, Quorum, Voting, Proxies

2.1 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board either in Lake Park Condominium or as convenient thereto as possible and practical.

2.2 Annual Meeting. An annual meeting of the Unit Owners shall be held at 7:00 o'clock p.m. on the third Tuesday in March of each year, provided, however, that if the third Monday in March is a legal holiday, then the meeting shall be held at the same time on the second business day following the legal holiday, for the purpose of electing members of the Board and for the transaction of such other business as may be properly brought before the meeting.

2.3 Substitute Annual Meetings. If the annual meeting shall not be held on the day designated by the Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 2.4 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

2.4 Special Meetings. Special meetings of the Unit Owners may be called at any time by the Board, the chairman or upon the written request of the Unit Owners owning at least fifty percent (50%) in common interest in the Common Elements other than those Units held by the Declarant.

2.5 Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting shall be delivered

or mailed not less than ten (10) days nor more than fifty (50) days prior to the date thereof, either personally or by postage prepaid mail, at the direction of the Board, the chairman or Unit Owners calling the meeting, to each person entitled to vote at such meeting, and, to all Eligible Mortgage Holders so requesting under the provisions of Section 13.9 of the Declaration, who may request a representative to attend the meeting of Unit Owners.

The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, and budget changes, and any proposal to remove Board members or officers.

When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting, other than by announcement at the meeting at which the adjournment is effective.

2.6 Quorum. The presence in person or by proxy at any meeting of the Voting members (as defined in Section 2.7 of this Article) having five percent (5%) or more of the total votes shall constitute a quorum. If there is no quorum at the opening of the meeting of Unit Owners, such meeting may be adjourned from time to time by the vote of a majority of the Voting Members present, either in person or by proxy; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

The Voting Members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum.

2.7 Voting Rights. There shall be one person with respect to each Unit ownership who shall be entitled to vote at any meeting of the Unit Owners (the "Voting Member"). The Voting Member may be the Owner, or one of a group composed of all of the Owners of a Unit, or may be some other person designated by such Owner(s) to act as proxy on his or their behalf, and who need not be an Owner. Each Owner or group of Owners (including the Board, if the Board or its designee shall then hold title to one or more Units) shall be entitled to one (1) vote for each Unit owned.

2.8 Majority Vote. The vote of a majority of the Voting Members present at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required by the Declaration, these Bylaws or by law.

2.9 Proxies. The Voting Members may vote either in person or by agents duly authorized by written proxy executed by such Unit Owner or his duly authorized attorney-in-fact. A proxy

shall be valid only for the particular meeting designated therein, unless the person executing it specifies therein the length of time for which it is to continue in force, which time shall not extend beyond eleven months from the date of its execution. Unless a proxy otherwise provides, any proxyholder may appoint in writing a substitute to act in his place. In order to be effective, all proxies must be filed with the secretary or duly acting secretary of the Association, either during or prior to the meeting in question.

2.10 Waiver or Notice. Any Voting Member may, at any time, waive notice of any meeting of the Association in writing, and such waiver shall be deemed to be equivalent to the giving of such notice. Attendance by a Voting Member at any meeting of the Association shall constitute a waiver of notice by him of the time and place thereof, except where a Voting Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the Voting Members are present at any meeting of the Unit Owner, no notice shall be required, and any business may be transacted at said meeting.

2.11. Informal Action by Unit Owners. Any action which may be taken at a meeting of the Association may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Voting Members and filed with the secretary of the Association to be kept in the Association's minute book.

ARTICLE III.

Executive Board

3.1 Number. The business and property of the Condominium shall be managed and directed by the Executive Board (the "Board"), composed of three (3) persons, or by such executive committees as the board may establish pursuant to the Bylaws; provided, however, that the initial Board shall be composed of three persons.

3.2 Initial Members. The initial members of the Board (referred to as "directors" herein) shall be selected by the Declarant, and need not be Unit Owners. Such initial directors shall serve at the election of the Declarant from the date upon which the Declaration is recorded in the Wake County Public Registry, until such time as their successors are duly elected and qualified.

The names of the persons who shall serve on the initial Board from the date upon which the Declaration is recorded in the Wake County Public Registry until such time as their successors are duly elected and qualified, are as follows:

Robert N. Bradley

Kevin M. Meredith

Alma R. Martin

3.3 Election. Except as provided herein, the directors shall be elected at the annual meeting of the Association, and those persons who receive the highest number of votes shall be deemed to have been elected. Notwithstanding anything herein to the contrary, the Board shall consist of three (3) directors during the period that Declarant is entitled to appoint a majority of the directors. The Declarant shall have the right to appoint all of the directors until the earlier of the following four dates: (a) the date one hundred twenty (120) days after the Declarant has conveyed seventy-five percent (75%) of the maximum number of Units which Declarant may create on the Phase I property and on the Additional Real Estate to Unit Owners other than a Declarant, or (b) the date upon which Declarant surrenders control of the Condominium to the Unit Owners, or (c) the date two (2) years after Declarant has ceased to offer Units for sale in the ordinary course of business, or (d) the date two (2) years after any development right to add Additional Units under the Act was last exercised by Declarant.

The Declarant may turn over control of the Association to such Unit Owners other than the Declarant prior to such dates in its sole discretion by causing all or part of its appointed directors to resign, whereupon it shall be the affirmative obligation of Unit Owners other than the Declarant to elect directors and assume control of the Association. Provided at least thirty (30) days' notice of Declarant's decision to cause its appointees to resign is given to Unit Owners, neither the Declarant, nor such appointees, shall be liable in any manner in connection with such resignations even if the Unit Owners other than the Declarant refuse or fail to assume control.

Within sixty (60) days after conveyance of twenty-five percent (25%) of the maximum number of Units which Declarant may create on the Phase I property and on the Additional Real Estate to Unit Owners other than the Declarant, at least one director and not less than twenty-five percent (25%) of the directors of the Board shall be elected by Unit Owners other than the Declarant. Within sixty (60) days after conveyance of fifty percent (50%) of said maximum number of Units to Unit Owners other than the Declarant, not less than thirty-three percent (33%) of the directors of the Board shall be elected by Unit Owners other than the Declarant.

Within sixty (60) days after the Unit Owners other than the Declarant are entitled to elect such director or directors, or sooner if the Declarant has elected to accelerate such event as

aforesaid, the Association shall call, and give not less than ten (10) days' nor more than fifty (50) days' notice of a meeting of the Unit Owners to elect such director or directors of the Board. The meeting may be called and the notice given by any Unit Owner if the Association fails to do so.

The size of the Board may be increased or decreased from time to time upon the affirmative vote of three-fourths (3/4) of all Unit Owners, provided that said Board shall not be less than three (3) in number.

3.4 Term and Qualification. Each director shall hold office for the term for which he was elected, or until his death, resignation, retirement, removal, disqualification or until his successor is elected and qualified. At the meeting of the Association in which the Unit Owners are entitled to elect a majority of the directors, the directors of the Board shall be divided into three (3) classes; the first class to consist of one (1) director. The second class to consist of one (1) director, and the third class to consist of one (1) director. The director of the first class shall initially hold office for a term of three (3) years; the director of the second class shall initially hold office for a term of two (2) years; and the director of the third class shall initially hold office for a term of one (1) year. At all annual elections thereafter, one director shall be elected by the voting members to succeed the director whose terms then expires. Each such director shall serve for a three (3) year term. So long as Declarant shall own one (1) or more Units, the director of the Board which Declarant has the right to designate shall be a member of the third class. Nothing herein contained shall be construed to prevent the election of a director to succeed himself. Each director, except those selected by the Declarant pursuant to the Bylaws, shall be one of the Unit Owners or co-owners, or a spouse of a Unit Owner or co-owner provided, however, that in the event a Unit Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then an officer or director of such corporation, partner of such partnership, beneficiary of such trust or manager of such other legal entity, shall be eligible to serve as a director.

3.5 Removal. Directors may be removed from office with or without cause by the affirmative vote of at least sixty-seven percent (67%) of the Voting Members. If any directors are so removed, new Board members may be elected at the same meeting; provided, however, that the person(s) selected by Declarant cannot be removed without the prior written consent of Declarant.

3.6 Vacancies. A vacancy occurring in the Board may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director; but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual meeting or a special meeting

of Unit Owners called for that purpose. The Voting Members may elect a director at any time to fill any vacancy not filled by the Board.

In the event that Declarant, in accordance with the rights herein established, selects any person to serve on any Executive Board of the Association, Declarant shall have the absolute right at any time, in its sole discretion, to replace such person with another person to serve on any Board. Replacement of any person designated by Declarant to serve on the Board shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from the Board. The removal of any such Board member and the designation of his successor shall be effective immediately upon delivery of such written instrument by Declarant to any officer of the Association.

3.7 Compensation. The Board Members shall receive no compensation for the services unless expressly allowed by the Board at the direction of the Unit Owners other than the Declarant having two-thirds (2/3) of the total votes.

3.8 Executive Committees. The Board may, by resolution adopted by a majority of the number of directors fixed by these Bylaws, designate two or more of its members to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board in the management of the Condominium.

The Board may, in like manner, create such other committees as it deems necessary and appropriate in aiding the Board to carry out its duties and responsibilities with respect to the management of the Condominium.

3.9 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Condominium, and may do all such acts and things, except such acts as by law or the Declaration or by these Bylaws may not be delegated to the Board. Such powers and duties of the Board shall include, but shall not be limited to, the following:

(a) Determining the Common Expenses required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property.

(b) Collecting the Common Expenses from the Unit Owners.

(c) Supervising the operation, care, upkeep and maintenance of the Common Elements.

(d) Employing and dismissing the personnel necessary for the maintenance and operation of the Common Elements.

(e) Adopting and amending such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Property, and for the health, comfort, safety and general welfare of the owners and occupants of the Property. Written notice of such rules and regulations shall be given to all Unit Owners and occupants, and the entire Property shall at all times be maintained subject to such rules and regulations.

(f) Opening bank accounts on behalf of the Condominium and designating the signatories required therefor.

(g) Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with Units acquired by the Association, or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions, and organizing corporations to act as designees of the Board in acquiring title to Units on behalf of all Unit Owners.

(h) Maintaining and repairing any Unit, if such maintenance or repair is necessary in the discretion of the Board or by operation of applicable restrictions to protect the Common Elements, or any other portion of the Property, and a Unit Owner has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said Unit Owner; provided, that the Board shall levy a specific assessment against such Unit Owner for the costs of said maintenance or repair, including a reasonable amount of supervision.

(i) Entering any Unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, that except in the event of emergencies, such entry shall be made during reasonable hours with as little inconvenience to the Unit Owner as practical, and any damage caused thereby shall be repaired by the Board, with such expenses being treated as a Common Expense.

(j) Signing all agreements, contracts, deeds and vouchers for the payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. However, any contracts or leases executed on behalf of the Association prior to the passage of control of the

Board to the Association must be terminable by the Association without penalty on not more than ninety (90) days written notice. In the absence of such determination by the Board, such document shall be signed by the treasurer and countersigned by the President.

(k) Obtaining insurance for the Property, including the Units, pursuant to the applicable provisions of the Declaration.

(l) Making or contracting for repairs, additions and improvements to or alterations or restoration of the property in accordance with the other provisions of these bylaws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceeding.

(m) Contracting for all goods, services and insurance, payment for which is to be made from the Common Expense fund.

(n) Instituting, defending, or intervening in litigation or administrative proceedings in the name or of on behalf of the Association or two or more Unit Owners on matters affecting the Condominium.

(o) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements or the acquisition of property, and granting mortgages on and/or security interests in Association owned property; provided, however, that the consent of the Unit Owners of at least two-thirds (2/3rds) of the Units represented at a meeting at which a quorum has been attained in accordance with the provisions of these Bylaws shall be required for the borrowing of any sum in excess of \$10,000.00.

(p) Imposing charges for late payment of assessment and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, the Bylaws, or rules and regulations established by the Association, all in accordance with Sections 47C-3-107 and 47C-3-107A of the Act.

(q) At its discretion, authorizing Unit Owners or other persons to use portions of the Common Elements for private parties and gatherings and imposing reasonable charges for such private use.

(r) Exercising (i) all powers specifically set forth in the Declaration, the Articles of Incorporation, these

Bylaws and in the Act, (ii) all powers incidental thereto, and (iii) all other powers of a non-profit North Carolina corporation.

(s) Suspending the right of any Unit Owner to vote as long as said Unit Owner is delinquent in the payment of Common Expenses or is otherwise in violation of the Declaration or any exhibits thereto or applicable rules and regulations.

3.10 Managing Agent. The Board may engage the services of any person, firm, or corporation to act as managing agent at a compensation established by the Board, to perform such duties and services as the Board shall authorize, other than the powers set forth in subdivisions (a), (e), (g), (h), (i), (p), and (q) of Section 3.9 of this Article III. Any management agreement for the Condominium shall be terminable by either party without cause and without payment of a termination fee or penalty upon 90 days or less written notice thereof and the terms of such agreement may not exceed one year, renewable by agreement of the parties for successive one year periods. Any management agreement shall be terminable by either party for cause upon the giving of not more than thirty (30) days written notice. When professional management has been previously required, any decision to establish self-management by the Association shall require the prior consent of sixty-seven (67%) percent of the Unit Owners, and in addition, when professional management has been previously required by any Eligible Mortgage Holder the decision to establish self-management by the Association shall require the approval of fifty-one percent (51%) of the Eligible Mortgage Holders, counting one vote for each first mortgage owned.

3.11 Duties of Declarant. Within a reasonable time after Unit Owners other than the Declarant elect a majority of the members of the Board (but not more than sixty (60) days after such event), the Declarant shall deliver control of the Association and shall deliver to the Association all property [noted in Subsection (a) through (o)] of the Unit Owners and of the Association held or controlled by the Declarant, including, if applicable:

(a) The original or a photocopy of the recorded Declaration of Condominium, and all amendments thereto. If a photocopy is provided, the Declarant must certify by affidavit that it is a complete copy of the actual recorded Declaration.

(b) A copy of the Articles of Incorporation of the Association.

(c) A copy of the Bylaws of the Association.

(d) The minute books, including all minutes, and

other books and records of the Association.

(e) Any rules and regulations which have been adopted.

(f) Resignations of resigning officers and Board members.

(g) Association funds or the control thereof.

(h) A copy of the plans and specifications utilized in the construction or remodeling of improvements on the Property and the supplying of equipment; and for the construction and installation of all mechanical components servicing the improvements and the Condominium, with a certificate, in affidavit form, of an officer of the Declarant or an architect or engineer authorized to practice in North Carolina, that such plans and specifications represent, to the best of their knowledge and belief, the actual plans and specifications utilized in the construction or improvement of the Condominium and the construction or installation of the mechanical components servicing the Improvements and the Condominiums.

(i) Insurance policies.

(j) Copies of any Certificates of Occupancy which may have been issued for the Condominium.

(k) Any other permits issued by governmental bodies applicable to the Condominium in force or issued within one (1) years prior to the date the Unit Owners take control of the Association.

(l) All written warranties of contractors, subcontractors, suppliers and manufacturers, if any, that are still effective.

(m) A roster of Unit Owners and their addresses and telephone numbers, if known, as shown on the Declarant's records.

(n) Employment contracts or service contracts in which the Association is one of the contracting parties, or service contracts in which the Association or Unit Owners have an obligation or responsibility, directly or indirectly, to pay some or all of the fee or charge of the person or persons performing the service.

(o) All other contracts to which the Association is

a party.

ARTICLE IV.

Meetings of Directors

4.1 Organizational Meeting. The first meeting of the initial Board designated in these Bylaws shall be held at such time as the Declarant shall determine, but in no event later than one year from the date of incorporation of the Association. The first meeting of a newly elected Board shall be held within fifteen (15) days following the meeting of the Unit Owners at which the Board was elected. No notice shall be necessary to the newly elected members of the Board in order to legally constitute such meeting, providing that a quorum is present.

4.2 Regular Meeting. A regular meeting of the Board shall be held immediately after, and at the same place as, the annual meeting or substitute annual meeting of the Unit Owners. In addition, the Board may provide by resolution the time and place, either within or without the State of North Carolina, for the holding of a regular meeting of the Board, with such meeting to be held as decided by the Board during each fiscal year.

4.3 Special Meetings. Special meetings of the Board may be called by or with the request of the chairman, or by any two (3) directors. Such meetings may be held either within or without the State of North Carolina.

4.4 Notice of Meetings. Regular meeting of the Board may be held without notice. The person(s) who called a special meeting of the directors shall, at least two (2) days prior to said meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Attendance by a director at a meeting shall constitute a waiver of notice of such meeting except where a member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. Meeting of the Board shall be open to all Unit Owners and notices of meeting shall be posted conspicuously for the attention of Unit Owners in advance of the meeting, except for regular meeting of the Board, which may be held without notice.

4.5 Waiver of Notice. Any member of the Board may at any time waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all of the directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at

such meeting.

4.6 Quorum. A majority of the number of directors fixed by these Bylaws shall be required for and constitute a quorum for the transaction of business at any meeting of the Board.

4.7 Manner of Acting. Except as otherwise provided in this section, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. A vote of a majority of the number of directors fixed by these Bylaws shall be required to adopt a resolution constituting an executive committee. Vacancies in the Board may be filled as provided in Section 3.6 of these Bylaws.

4.8 Organization. Each meeting of the Board shall be presided over by the Chairman, and in the absence of the Chairman, by a person selected to preside by vote of the majority of the Board members present. The secretary, or in his absence, an assistant secretary, or in the absence of both the secretary and the assistant secretary, any person designated by the chairman of the meeting shall act as secretary of the meeting.

4.9 Informal Action of Board. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

4.10 Minutes. The Board shall keep minutes of its proceedings, which shall be available for inspection by the Unit Owners during reasonable business hours.

4.11 Liability of the Board and Officers. The directors and the officer provided for in Article IV hereof shall not be liable to the Unit Owners for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the directors and the officers against all contractual liability to others arising out of contracts made by the Board or the officers on behalf of the Condominium, unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the directors or any officer shall have no personal liability with respect to any contract made by them on behalf of the Condominium, except to the extent that they are Unit Owners and have liability as such. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board or the officers, or out of the aforesaid indemnity in favor of the directors or the officers, shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Board, by the managing agent or by the

officers on behalf of the Condominium shall provide that the members of the Board, the managing agent or the officers, as the case may be, are acting only as agents for the Unit Owners, and shall have no personal liability thereunder.

ARTICLE V.

Officers

5.1 Number. The principal officers of the Condominium shall consist of a Chairman of the Board, a secretary, a treasurer, and such vice chairmen, assistant secretaries, assistant treasurers and other officers as the Board may from time to time elect. Any two or more offices may be held by the same person, except the offices of chairman and secretary.

5.2 Election and Term. The officers of the Condominium shall be elected by the Board. The chairman, vice chairman, secretary and treasurer shall be elected from among the Board and all other officers, if any, need only be a Unit Owner. The officers elected by the initial Board are not required to be Unit Owners. The election of officers may be held at the regular annual meeting of the Board.

Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or until his successor is elected and qualifies.

5.3 Removal. Any officer or agent elected or appointed by the Board may be removed by the Board, with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

5.4 Compensation. No officer shall receive any compensation from the Condominium for acting as such.

5.5 Chairman of the Board. The Chairman of the Board shall be the principal executive officer of the Condominium; and, subject to the control of the Board, shall supervise and control the management of the Condominium. The chairman shall, when present, preside at all meetings of the Board and of the Unit Owners and, in general, shall perform all duties incident to the office of chairman of the Board, and such other duties as may be prescribed from time to time by the Board.

5.6 Vice Chairman. The vice chairman, and if there be more than one, the vice chairmen, designated by the Board, shall, in the absence or disability of the chairman, have the powers and perform the duties of said office. In addition, each vice chairman shall perform such other duties and have such other powers as shall be prescribed by the Chairman of the Board.

5.7 Secretary. The secretary shall keep accurate records of the acts and proceedings of all meeting of the Unit Owners and directors. He shall give, or cause to be given, all notice required by law and by these Bylaws. He shall have general charge of the minute books and records of both the Association and the board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of secretary, and such other duties as may be assigned from him from time to time by the chairman of the Board or by the Board.

5.8 Treasurer. The treasurer shall have custody of all Condominium funds and securities, and shall receive, deposit or disburse the same under the direction of the Board. He shall keep full and accurate accounts of the finances of the Condominium in books especially provided for that purpose. He shall cause a true statement of its assets and liabilities as of the close of each fiscal year, and of the results of its operations and changes in surplus for each fiscal year, all in reasonable detail, to be prepared and distributed to all Unit Owners and members of the Board on or before the 15th day of the second month following the close of each fiscal year. The statement so filed shall be kept available for inspection by an Unit Owner for a period of three (3) years. The treasurer shall also prepare and file all reports and returns required by federal, state or local law, and shall generally perform all other duties as may be assigned to him from time to time by the chairman of the Board.

5.9 Assistant Secretaries and Treasurers. The assistant secretaries and assistant treasurers, if any, shall, in the absence of the secretary and treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the chairman of the Board or the Board.

ARTICLE VI.

Operation of the Property

6.1 Initial Assessment. At its organizational meeting the Board shall adopt a proposed budget for the Condominium and shall levy assessments against the Units for Common Expenses based upon said budget, which assessments shall commence in accordance with the provisions of Section 6.4 of the Declaration. The assessments so levied shall remain in effect until future assessments are determined in accordance with the provisions of Section 6.2 of these Bylaws.

6.2 Assessment and Determination of Common Expenses. The Board shall from time to time, and at least annually, prepare a budget for the Condominium, for the purpose of determining the

amount of the Annual Assessments to be collected from the Unit Owners in order to provide for the Common Expenses of the Condominium, and allocate and assess such Common Expenses amount to the Unit Owners, according to their Percentage of Interest in the Common Elements as set forth in the Declaration, taking into consideration any expected income and any surplus from the prior year's operation. The Common Expenses shall include, without limitation, the expenses, costs and charges incurred in connection with the administration, operation and management of the Condominium property; the cost of maintenance, repair, replacement and restoration of the Common Elements, or any part thereof; the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board pursuant to the provisions of the Declaration; such amounts as the Board may deem proper for the convenience, comfort and well-being of the Unit Owners, and for the operation, management and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year; in proper cases, the cost of administration and of maintenance and repair of the Limited Common Elements; and any other expenses lawfully agreed upon.

In establishing a reserve fund for replacements, the board shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall then set the required capital contribution in an amount sufficient to permit meeting the projected capital needs of the Association with respect to both amount and timing by equal annual installments over the applicable period.

Within thirty (30) days after adoption by the Board of any proposed budget for the Condominium, the Board shall provide a summary of the budget to all Unit Owners and shall give notice of a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary and notice. A quorum need not be present at the meeting. The budget is ratified unless at the meeting a majority of all the Unit Owners votes to reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board. Provided, however, the requirements of this Section relating to budget adoption shall not be applicable to the adoption of the initial budget or the levy of the initial assessment by the Board at its organizational meeting as provided for in Section 6.1 hereof.

6.3 Payment of Assessments. All Unit Owners shall be obligated to pay (1) Annual Assessments to Common Expenses assessed by the Board pursuant to the provisions of this Article VI; (2) special assessments to be established and collected as provided

herein, and (3) specific assessments against any Unit which are established pursuant to the terms of these Bylaws. Annual Assessments shall be due and payable in monthly installments on the first day of every month. A later payment charge in an amount to be determined by the Board shall be assessed for any installment not paid by the tenth of the month. Any installment not paid during the month in which it is due shall be subject to the late payment charge and shall accrue interest as provided in Section 6.5, and shall constitute a lien on the Unit as provided in Section 6.6 of this Article VI.

No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the Declaration and applicable restrictions of record) of such Unit, together with his interest in the Common Elements. A purchaser of a Unit shall be jointly and severally liable with the seller for the payment of Assessments assessed against such Unit prior to the acquisition by the purchaser of such Unit only if the purchaser expressly assumes such obligation in writing; provided, however, the lien assessed against such unit shall remain in full force and effect. Any such purchaser shall be entitled to a statement from the Board setting forth the amount of the unpaid Assessments against the seller, and the Unit conveyed shall not be subject to a lien for any unpaid assessments in excess of the amount shown on the statement. Provided, however, that a First Mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit or a First Mortgagee who takes a deed in lieu of foreclosure shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Expenses assessed prior to the foreclosure sale or deed in lieu of foreclosure. Such unpaid Common Expenses shall be deemed to be Common Expenses collectible from all of the Unit Owners, including such purchaser, his successors or assigns.

6.4 Special Assessments. The Association may levy Special Assessments for Common Expenses not covered by the Annual Assessment, applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, provided that any such Assessment shall have the assent of two-thirds (2/3) of the Voting Members at a meeting duly called for this purpose. Such Special Assessments shall be charged to the Units according to their Percentage Interest in the Common Elements. In addition, the Board may levy Special Assessments against one or more, but less than all, of the Units to cover repairs or maintenance for which such Unit Owner or Owners are responsible and which they have failed to make, or for repairs or maintenance required of a Unit Owner or Unit Owners which impair the value of the Common Elements or the Unit or Units, or expenses which are incurred in the abatement of or as a result of a

violation by a Unit Owner or Owners of the provisions of the Declaration, the Bylaws or the rules, regulations, or for fines levied for said violations, or where the Board has purchased a Unit on behalf of one or more Unit Owners. The period of assessment and manner of payment of such assessment shall be determined by the Board.

6.5 Collection of Assessments. The Board shall determine Common Expenses against the Unit Owners from time to time, at least annually, and may, as the Board shall determine, take prompt action to collect any Assessments due from any Unit Owner, which remain unpaid for more than thirty (30) days from their due date.

The Board shall notify Eligible Mortgage Holders pursuant to the provisions of the Declaration for which any amount assessed pursuant to these Bylaws remains unpaid for more than sixty (60) days from their due date, and in any other case where the Unit Owner of such Unit is in default with respect to the performance of any obligation hereunder for a period in excess of sixty (60) days.

6.6 Default in Payment of Assessment. In the event of default by any Unit Owner in paying to the Board any amounts assessed by the Board, such Unit Owner shall be obligated to pay a late payment charge of fifteen (\$15.00) dollars or such rate as established by the Board from time to time, and interest at the initial rate of ten percent (10%) per annum on such amounts from their due date or at a rate as established by the Board; together with all expenses, including reasonable attorneys' fees (if permitted by law), incurred by the Board in collecting such unpaid sums. If a Unit Owner shall be in default in payment of an installment of an Assessment, including but not limited to, the monthly installment based on the annual budget, the Board may accelerate the remaining installments upon ten (10) days' written notice to such Unit Owner, whereupon the entire unpaid balance of such Assessment shall become due upon the date dated in such notice.

6.7 Lien and Personal Obligation. Each Assessment provided for in this Article, together with late payment charges, interest and expenses, including attorneys' fees (as permitted by law), shall be a charge on and a continuing lien upon the Unit against which the Assessment is made when a notice of such lien has been filed of record in the Office of the Clerk of Superior Court of Wake County, North Carolina, in the manner provided by Article 8, Chapter 44, of the North Carolina General Statutes, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of thirty (30) days after the same shall become due. Said notice of lien shall also secure all Assessments against the Unit becoming due thereafter until the lien has been satisfied. Said lien may be foreclosed in the manner as a deed of trust on real property. In addition, each Unit Owner shall be

personally liable for any Assessment against his Unit becoming due and payable while he is the Owner of such Unit.

6.8 Priority of Assessment Lien. The lien of the Assessments provided for in this Article shall be prior and superior to all other liens except (a) ad valorem taxes, and (b) all sums unpaid on first lien deeds of trust, mortgages or other encumbrances against the Unit prior to the docketing of the Assessment lien. The sale or transfer of any Unit shall not affect the Assessment lien against such Unit. Provided, however, the sale of a Unit pursuant to the foreclosure sale or execution sale instituted by a superior lien holder or conveyance to First Mortgagee by deed in lieu of foreclosure shall extinguish the inferior Assessment lien against the subject Unit but no such sale or transfer shall relieve each Unit from liability for any Assessments thereafter becoming due or for any future lien in connection therewith. The Association shall share in the excess, if any, realized by the sale of any Unit pursuant to a foreclosure or action instituted by a superior lien holder, to the extent of its lien.

6.9 Foreclosure of Liens for Unpaid Assessments. Following the institution of any action by the Board to foreclose on a Unit because of unpaid Assessments, the Unit Owner shall pay a reasonable rental for the use of his Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the rental. The Board, acting on behalf of the Association, on behalf of any one or more individual Unit Owners, of so instructed, shall have the power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same, subject, however, to applicable restrictions of record. A suit to recover a money judgment for unpaid Assessments shall be maintainable without foreclosing or waiver of the Assessment lien. Where a First Mortgagee or the purchaser of a Unit obtains title to the Unit as a result of foreclosure of the First Mortgage, such purchaser, its successors and assigns, shall not be liable for the share of the Common Expenses or Assessments by the Board chargeable to such Unit which become due prior to the acquisition of title to such Unit by such purchaser. Such unpaid share of Common Expenses or Assessments shall be deemed to be a Common Expense collectible from all Unit Owners, including such purchaser, its successors and assigns.

6.10 Statement of Common Expenses. The Board shall promptly provide any Unit Owner so requesting the same in writing with a written statement of all unpaid charges due from such Unit Owner, for which it may institute a reasonable charge at its discretion.

6.11 Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the

Board or the breach of any bylaw contained herein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which, or as to which, such violation or breach exists, and to make any repairs, and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition which may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or, (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach at the expense of the defaulting Unit Owner; (c) in any case of flagrant or repeated violation by a Unit Owner, to require such Unit Owner to give sufficient sureties for his future compliance with such condominium documents; or (d) after notice and an opportunity to be heard, to levy reasonable assessments and fines in accordance with Sections 47C-3-107 and 47C-3-107A of the Act for such violations. The failure of the Board to so act with respect to any such violation or breach shall not be deemed a waiver of the Board's right to act with respect to the same or any other breach or violation.

6.12 Maintenance and Repair.

(a) Each Unit Owner shall maintain, repair and replace, at his sole cost and expense, all portions of his Unit which may become in need thereof, including the components of the heating and air conditioning system within and appurtenant to each Unit, if any, all bathroom and kitchen fixtures and appliances, light fixtures, interior, non-loadbearing walls, doors, floors, ceilings, carpeting, drapes and other items within the Unit, whether structural or non-structural, ordinary or extraordinary (other than maintenance of and repairs to any Common Elements not specifically set forth herein contained therein and not necessitated by the negligence, misuse or neglect of the Unit Owner, his family guest, agents, servants, lessees, employees or contractors). Each Unit Owner shall clean the Limited Common Elements appurtenant to his Unit and replace all light bulbs in fixtures (if any) located in such Limited Common Elements. Each Unit Owner shall be responsible for replacing all heating and air conditioning filters, if any, required in his Unit. Each Unit Owner shall further be responsible for all damages to any and all other Units and/or to the Common Elements which his failure to undertake his maintenance responsibility may engender. All damages to the Common Elements or other Units intentionally or negligently caused by the Unit Owner, his family, guests, agent, servants, lessees, employees or contractors shall be promptly repaired by the Unit Owner at his sole cost and expense; provided that there is excluded from the provisions contained in this section such repairs

necessitated by casualties insured against by the Association to the extent the Association receives insurance proceeds for such repairs. In such event, the Unit Owner shall be required to pay such portion of the costs of such maintenance, repair and replacement as shall exceed the amount of the applicable insurance proceeds. If the Unit Owner does not make those repairs to be made by him within thirty (30) days from written demand by the Board, the same may be repaired by the Board, and the cost thereof shall be assessed against the Unit owned by the subject Unit Owner.

(b) The Association, through its Board, shall maintain, repair and replace all portions of the Common Elements and Limited Common Elements (except as provided in Section 6.12(a) above) which shall require same, whether located inside or outside of the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, his family, guests, agents, servants, lessees, employees or contractors, in which case such expense shall be charged to such Unit Owner, or unless herein provided to the contrary), and the cost thereof shall be charged to all the Unit Owners as a Common Expense.

6.13 Restrictions on Unit Owners. No Unit Owner shall perform or cause to be performed any maintenance, repair or replacement work which disturbs the rights of the other Unit Owners, jeopardizes the soundness or the safety of the Condominium property, or reduces the value thereof. Each Unit Owner shall cause any work so performed or being performed on the Unit, which, in the sole opinion of the board, violates the terms of this section, to be immediately corrected, and he shall refrain from recommencing or continuing any such work without written consent of the Board.

6.14 Duty to Report. Each Unit Owner shall promptly report to the Board or its agent any defect or need for repairs or replacement the responsibility for which is that of the Association.

6.15 Additions, Alterations or Improvements by the Association. Whenever in the judgment of the Board the Common Elements shall require additions, alterations or improvements, the Board shall proceed with such additions, alterations or improvements, and shall assess all Unit Owners for the costs thereof, as a Common Expenses, subject, however, to the provisions of Sections 6.2 and 6.3 of this Article.

6.16 Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any addition, alteration or improvement in or to his Unit, which impairs the structural integrity or mechanical systems or lessens the support of any part

of the Condominium. No Unit Owner shall make any addition, alteration or improvement which affects the exterior portion or outward appearance of such Unit, without the prior written consent thereof of the Board. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed addition, alteration or improvement in or to such Unit Owner's Unit within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed addition, alteration or improvement.

6.17 Use of Common Elements and Facilities. A Unit Owner shall not interfere with the use of the Common elements by the remaining Unit Owners and their guests.

6.18 Right of Access. A Unit Owner shall grant a right of access to his Unit to the managing agent and/or any other person authorized by the Board or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere in the building, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance, and that any such entry is at a time reasonably convenient to the Unit Owner. In the case of an emergency, such right of entry shall be immediate, whether or not the Unit Owner is present at the time such request for entry is made, or such entry is at a time reasonably convenient to the Unit Owner.

6.19 Rules of Conduct. Rules and regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board. Such rules and regulations shall be equally applicable to all Unit Owners similarly situated and shall be uniform in their application and effect. Copies of such rules and regulations shall be furnished by the Board to each Unit Owner prior to their effective date.

6.20 Remedies Cumulative. All right, remedies and privileges granted to the Association or the Owner or Owners of a Unit pursuant to any terms, provisions, covenants or conditions of the Declaration or other above-mentioned documents, shall be cumulative, and the exercise of any one or more shall not constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

6.21 Nonwaiver of Remedies.

(a) The failure of the Association or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such rights, provision, covenant or condition in the future.

(b) The failure of Declarant to enforce any rights, privilege, covenant or condition which may be granted to it by the Declaration or other above-mentioned documents shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provisions, covenant or condition in the future.

(c) The failure of a First Mortgagee to enforce any right, provisions, privilege, covenant or condition which may be granted to it or them by the Declaration or other above-mentioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE VII.

Records and Audits

7.1 Reports. The Board shall keep detailed records of the actions of the Board and the managing agent, minutes of the meeting of the Board, minutes of the meetings of the Association, and financing records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit, which, among other things, shall contain the amount of each Assessment against each Unit, the date when due, the amounts paid and the balance remaining unpaid. The financial records and books of account shall be available for examination by all Unit Owners, their duly authorized agents or attorneys, and all lien holders, their attorneys and authorized agents, at convenient hours that shall be set and announced for general knowledge. A written annual summary of all receipts and expenditures of the Condominium shall be rendered by the Board to all Unit Owners on or before the 15th day of the second month following the close of each fiscal year. In addition, an annual report of the receipts and expenditures of the Condominium shall be rendered by the Board to all Unit Owners and to all Eligible Mortgage Holders who have requested the same, promptly after the end of each fiscal year.

7.2 Common Expense Funds. All sums collected by the Association, either as Assessments for the Common Expenses or Special Assessments may be commingled in a single fund, but they shall be held for the Owners for the purposes for which they are paid, and shall, subject to the right of withdrawal or refund provided herein, be credited to accounts from which shall be paid the charges for which the Assessments are made. Such accounts shall include the following, or such other and further accounts as the Board from time to time shall determine.

(a) General Common Expense Account--to which shall be credited collection of that portion of the Common Expense Assessments received for defraying the costs of operating the Condominium on a day-to-day basis, including normal maintenance and repairs, insurance and related charges.

(b) Capital Reserve Account--to which shall be credited, all sums collected which are to be allocated for capital expenditures for the reconstruction, repair and replacement of Common Elements at a future date.

All sums collected by the Association, either as assessments of the Common Expenses or special assessments, during any fiscal year and allocated to the General Common Expense Account or to any other account from which non-capital expenditures may be made, in excess of expenditures during such fiscal year made from or chargeable to said account or accounts shall be deemed contributions to capital at the end of said fiscal year, and shall be transferred to the Capital Reserve Account. All amounts credited to said Capital Reserve Account shall be contributions to capital, and shall be held in trust by the Association for future expenditures of a capital nature, and shall serve to reduce the Assessments required for said capital expenditures.

7.3 Audits. All books of account and financial records shall be kept in accordance with generally accepted accounting practices. The Board shall have a review of the books of account and financial records of the Association made by an independent accountant immediately following the close of each fiscal year and the report of such accountant shall be received by the Board and made available for inspection upon request by all Units owners and all eligible Mortgage Holders on or before the 15th day of the third month following the close of each fiscal year.

ARTICLE VIII.

Amendments to Bylaws

8.1 Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of a meeting at which a proposed amendment is to be considered.

8.2 Adoption. A resolution for the adoption of a proposed amendment may be proposed either by a majority of the Board or by not less than one-third (1/3) of the members of the Association. Directors and members of the Association not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided that such approval is delivered to the Secretary at or prior to the meeting. The approval must be by not less than a majority of the votes of all members of the Association represented at a meeting at which a quorum has been attained.

8.3 Limitation. No amendment may be adopted which would eliminate, modify, prejudice, abridge or otherwise adversely affect any rights, benefits, privileges or priorities granted or reserved to the Declarant or eligible Mortgage Holders without the consent of said Declarant and Eligible Mortgage Holders in each instance. No amendment shall be made that is in conflict with the Articles of Incorporation of the Association or Declaration without satisfaction of the requirements therein contained. So long as the Declarant controls the Association and the Veterans Administration holds or insures any first Mortgage on a Unit in the condominium, the Veterans Administration shall have the right to veto any amendment to the Bylaws. No amendment to this Section shall be valid.

8.4 Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment to the Declaration and bylaws, which certificate shall be executed by the Chairman or vice chairman and attested by the Secretary or Assistant Secretary of the Association with the formalities of a deed, or by the Declarant alone if the amendment has been adopted consistent with the provisions of the Declaration allowing such action by the Declarant. The amendment shall be effective when the certificate and a copy of the amendment is recorded in the Register of Deeds for Wake County, North Carolina.

ARTICLE IX.

Condemnation

9.1 General. Whenever all or any part of the condominium Property shall be taken by any authority having the power of condemnation or eminent domain, each Unit Owner and all Eligible Mortgage Holders shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association. Unless otherwise provided by law at the time of such taking, any award made therefor shall be disbursed by the Association as provided in this Article IX.

9.2 Common Elements. If the taking is confined to the Common Elements (general or limited) on which improvements shall have been constructed, and at least eighty (80%) percent of the total vote of the members of the Association entitled to vote shall vote within sixty (60) days after such taking to replace the improvements, or any part thereof, on the remaining land included in the Common Elements (general or limited) and according to the plans therefor first approved by the Association, then the Board shall arrange for such replacement and the Association shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Common Elements (general or limited) is to be repaired or reconstructed as provided for herein; subject, however, to the right hereby reserved to the Association by a majority vote of the Voting Members, to provide for the disbursement by the Association of the remaining proceeds held by it (after the payment of all costs incident to such replacement) to the Unit Owners or any one or more of them or to their First Mortgagees as their interest may appear in amounts disproportionate to their percentages of undivided interest in the Common Elements (general or limited) established herein, which disproportionate amounts shall correspond with the disproportionate damage sustained by the Unit Owners or any one or more of them as the Association may determine. If at least eighty (80%) percent of the Voting Members shall not decide within sixty (60) days after such taking to replace said improvements of if the taking is confined to the Common Elements (general or limited) on which no improvements shall have been constructed, then the Association shall disburse the proceeds of the award in the manner hereinabove provided for the disbursement of the remaining proceeds of an award after payment of all costs incident to the replacement of improvements taken has been made, including the right reserved to the Association to provide for the disbursement of the remaining proceeds held by it to the Unit Owners in disproportionate amounts. All disbursements made under this Section 9.2 shall be in strict compliance with Section 47C-1-107 of the Act.

9.3 Units. If the taking includes one or more Units, or any part or parts thereof, whether or not there is included in the taking any part of the Common Elements (limited or general), then the award shall be disbursed and all related matters shall be handled pursuant to and in accordance with the consent of all Unit Owners and First Mortgagees affected and the Executive Board of the Association thereafter, expressed in a duly recorded Amendment to the Declaration of Condominium, all in accordance with Section 47C-1-107 of the Act.

9.4 Termination. The Board shall call a meeting of all Unit Owners at least forty-five (45) days prior to any final taking by the condemning authority to determine the action to be taken pursuant to Sections 9.2 and 9.3 above. Except in the event of a taking of all the Units by eminent domain, in the event the

condemnation involves more than ten (10%) percent of the value of the Common Elements (limited or general) and/or more than fifteen (15%) percent of the total value of all Units, the Condominium may be terminated at such meeting by written approval of not less than eighty (80%) percent of the Voting Members. Any termination agreement shall be in compliance with 47C-2-118 of the Act.

ARTICLE X.

Miscellaneous

10.1 Ad Valorem Taxes. Each Unit shall be deemed to be a separate parcel and shall be separately assessed and taxed. Each Unit Owner shall be liable solely for the amount of tax assessed against his Unit and shall not be affected by the consequences resulting from the tax delinquency of other Unit Owners. All tangible personal property owned by the Association in connection with the maintenance, upkeep and repair of the Common Elements shall be listed for said taxes in the name of and paid by the Association. Each Unit Owner is also responsible for his pro rata share of taxes assessed on his portion of the Common Elements, if any.

10.2 Notification to Mortgagees. Any Owner who mortgages his Unit shall notify the Association of the name and address of the Mortgagee, and the Association shall maintain such information in a book entitled "Mortgagees of Condominiums". In addition to any other notification provided for in the Declaration or these Bylaws, the Association, may, at the written request of a Mortgagee of any such Unit, report any unpaid assessments due from the Owner of such Unit. The Association shall notify each Mortgagee appearing in said book the name of each company insuring the Condominium Property under the master policy and the amounts of the coverage thereunder.

10.3 Severability. Invalidation of any covenant, condition, restriction or other provision of the Declaration or these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

10.4 Successors Bound. The rights, privileges, duties and responsibilities set forth in the Declaration of these bylaws, as amended from time to time, shall run with the ownership of the Condominium Property and shall be binding upon all persons who own or hereafter acquire any interest in the Condominium Property.

10.5 Gender, Singular, Plural. Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

10.6 Principal Office--Registered Office. The initial principal office and registered office of the Association shall be located at 2508 Avenet Ferry Road, Raleigh, North Carolina 27606.

10.7 Other Offices. The Association may have other offices at such other places within North Carolina as the Board may from time to time determine or as the affairs of the Association may require.

10.8 Seal. The seal of the Association shall contain the name of the Association, the word "Seal", the year of incorporation and such other words and figures as is desired by the Board of Directors. When obtained, the seal shall be impressed in the margin of this Section of the Bylaws.

10.9 Fiscal Year. The fiscal year of the Association shall be the calendar year.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of Lake Park Condominium Homeowners Association, Inc., a North Carolina non-profit corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the initial Executive Board thereof held on the ____ day of _____, 19____.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association, this ____ day of _____, 19____.

Secretary

EVERY PROSPECTIVE PURCHASER SHOULD READ THIS PUBLIC OFFERING STATEMENT CAREFULLY BEFORE SIGNING AN AGREEMENT OF PURCHASE AND SALE

PUBLIC OFFERING STATEMENT

FOR

LAKE PARK CONDOMINIUM

NAME OF CONDOMINIUM: Lake Park Condominium

PRINCIPAL ADDRESS OF CONDOMINIUM: Crab Orchard Drive, City of Raleigh, Wake County, North Carolina

NAME OF DECLARANT: Lake Park Condominium, LLC, a North Carolina limited liability company

PRINCIPAL ADDRESS OF DECLARANT: 210 First Street, Suite 240 Roanoke, VA 24011

EFFECTIVE DATE OF PUBLIC OFFERING STATEMENT: January 1, 1997

IMPORTANT NOTICE

(The following statements are made in compliance with the requirements of Sections 47C-4-103 and 47C-4-104 of the North Carolina Condominium Act (the "Act")).

ANY PURCHASER MUST RECEIVE A COPY OF THIS PUBLIC OFFERING STATEMENT TOGETHER WITH ALL AMENDMENTS THERETO PRIOR TO EXECUTION OF A CONTRACT TO PURCHASE A UNIT IN LAKE PARK CONDOMINIUM (THE "CONDOMINIUM") FROM THE DECLARANT AND SUCH PURCHASER SHALL HAVE A PERIOD OF SEVEN (7) DAYS THEREAFTER IN WHICH PURCHASER SHALL HAVE THE ABSOLUTE RIGHT TO RESCIND THE CONTRACT THERETOFORE EXECUTED. NO CONVEYANCE OF A UNIT CAN OCCUR UNTIL SEVEN (7) DAYS AFTER EXECUTION OF THE CONTRACT AND DELIVERY OF THIS PUBLIC OFFERING STATEMENT. IF THE PURCHASER ELECTS TO CANCEL THE CONTRACT FOR THE PURCHASE OF A UNIT PURSUANT TO THE IMMEDIATELY PRECEDING SENTENCE, HE OR SHE MAY DO SO BY HAND DELIVERING NOTICE OF CANCELLATION TO THE DECLARANT (IN WHICH CASE A RECEIPT SHOULD BE OBTAINED) OR BY MAILING THE NOTICE THEREOF BY POSTAGE PREPAID UNITED STATES MAIL. THIS CANCELLATION OF THE PURCHASE CONTRACT IS WITHOUT PENALTY AND ALL PAYMENTS MADE BY THE PURCHASER BEFORE THIS CANCELLATION WILL BE PROMPTLY REFUNDED BY THE DECLARANT.

NARRATIVE

CONTENTS OF THIS PUBLIC OFFERING STATEMENT

This Public Offering Statement consists of seven (7) separate parts which together constitute the complete Public Offering Statement. This first part, entitled "Narrative", summarizes the significant features of the Condominium and presents additional information of interest to prospective purchasers. The other six (6) parts contain respectively: a pro forma Deed for the individual Units, the current versions of the proposed Declaration for the Condominium, the proposed Bylaws for the Condominium, (attached as Exhibit "E" to the Declaration), the proposed Plat, Phasing Plan and Plans for the Condominium in reduced size, the proposed Rules and Regulations for the Condominium and the projected Budget for the first year of operation of the Condominium.

This Narrative is intended to provide only an introduction to the Condominium and not a complete or detailed discussion. Consequently, the other parts of this Public Offering Statement should be reviewed in depth, and if there should be any inconsistency between information in this part of the Public Offering Statement and information in the other parts, the other parts will govern. All of Declarant's salespersons and other representatives are prohibited from orally changing any of the terms and conditions of the aforementioned documents or, with the exception of the Declarant's attorneys, attempting to interpret their legal effect.

All capitalized terms used in this Public Offering Statement and not expressly defined herein will have the same meanings as are ascribed to those terms in the Act or the Declaration and Bylaws of the Condominium, or both.

THE CONDOMINIUM CONCEPT

The term "Condominium" refers to a form of property ownership which, in effect, combines two older forms of ownership. A residential condominium Unit Owner is, at the same time, both the sole owner of the portion of a building which encloses his or her living quarters (the "Unit") and one of many mutual owners (in legal terms, "tenants in common") of common facilities which service his or her living quarters, as well as common areas which a Unit Owner may use and enjoy along with Owners of other Units.

The "Common Elements" are all portions of the property which are not included within the Units. In the case of Lake Park Condominium, the Common Elements include (but are not limited to) all exterior walls, roofs and structural elements of the buildings, all common utility systems, the land and improvements surrounding the buildings (including parking areas), and any recreational or park-related amenities that may be constructed on

the land. As indicated in those portions of this Public Offering Statement entitled "Proposed Plat" and "Proposed Phasing Plan", there is an approximate 6.65 acre area that is proposed to be dedicated to the City of Raleigh Greenway System. If the dedication of this area, or any portion thereof, to the Greenway System is approved by the City of Raleigh and the Declarant (identified below), the dedicated area shall not be part of the "Common Elements" of Lake Park Condominium. If this area, or any portion thereof, is not dedicated to the Greenway System, whatever portion of the area that is not dedicated shall be a part of the "Common Elements" of Lake Park Condominium.

It is anticipated that the Declarant may be dedicating a variable width "Ingress/Egress Easement" to the City of Raleigh, which easement would extend from Crab Orchard Drive to Lake Dam Road, as shown on the "Proposed Phasing Plan".

Each individual Unit Owner owns with his Unit a specified undivided interest in the Common Elements (the "Percentage Interest") usually expressed in the form of a percentage or decimal. This means that all Unit Owners share in the ownership of all Common Elements. The ownership of this Percentage Interest gives each Unit Owner the right, subject to the terms of the Act, the Declaration, the Bylaws and the Plans, to use and participate in the control of the Common Elements (through membership in the Homeowners Association) in common with other Unit Owners, and also imposes upon each Unit Owner the obligation to pay a percentage of the expenses of operating and maintaining the Common Elements equal to his Percentage Interest multiplied by the aggregate amount of these Common Expenses. The amounts comprising the Common Expenses are determined in annual budgets established by the Executive Board of the Lake Park Condominium Homeowners Association, Inc. (the "Association"). It is this coupling of the exclusive ownership of a Unit with the shared ownership of the Common Elements which distinguishes condominium ownership from other forms of property ownership.

THE DECLARANT

The Declarant is Lake Park Condominium, LLC, a North Carolina limited liability company, organized, existing and established in 1997 under the laws of the State of North Carolina, with its members being University Housing Group, Inc., a North Carolina corporation, and Robert N. Bradley. The limited liability company has been formed for the development and sale of improved real estate. Its principal office is located in Roanoke, Virginia.

The present shareholders of University Housing Group, Inc., are The Bradley Company (a corporation organized, existing and established in 1987 under the laws of the State of Virginia) and Robert N. Bradley. It is possible that shares of University Housing Group, Inc., will be sold or otherwise transferred to other investor persons or entities. Also, there may be other investor persons or entities added as members of Lake Park Condominium, LLC. In either event, The Bradley Company and/or Robert N. Bradley will retain the controlling interests in

University Housing Group, Inc. and Lake Park Condominium, LLC.

Robert N. Bradley is a "Manager" of Lake Park Condominium, LLC. Mr. Bradley is actively involved in the construction and development of the Condominium. He is a registered architect in Virginia and a developer of real estate in Virginia, Florida and North Carolina, and has participated in various types of projects, including apartments, shopping centers, office buildings, single family residential and multi-family residential dwellings.

GENERAL DESCRIPTION OF THE CONDOMINIUM

If all Condominium units are constructed by Declarant as contemplated by the proposed Declaration, Phasing Plan and Plans, Lake Park Condominium will ultimately include two hundred forty (240) residential condominium units in eighteen (18) buildings, located on an approximate twenty-seven (27) acre parcel of land (approximate 20 acre parcel, if approximate 6.65 acre Greenway dedication to the City of Raleigh identified above is made) on Crab Orchard Drive in the City of Raleigh, Wake County, North Carolina. The Condominium will be constructed in phases with each phase consisting of one (1) building with either twelve (12) units (Buildings 4A, 4B, 5A, 5B, 6A, 6B) or fourteen (14) units (Buildings 1A, 1B, 2A, 2B, 3A, 3B, 7A, 7B, 8A, 8B, 9A, 9B). The proposed Declaration provides for the inclusion of Phases 1A, 1B, 2A, 2B, 3A and 3B, and the approximate 2.61 acre parcel of land west of Lake Dam Road, into the Condominium at the time of recordation of the Declaration; however, depending on the sales activity and FHA pre-sale requirements, any or all of Phases 1A to 9B, and any or all of the other land identified on Exhibit "A-1" of the Declaration, may be brought into the Condominium at the time of, or subsequent to recordation of the Declaration. Units in Phases 4A, 4B, 5A, 5B, 6A and 6B, will each have four (4) bedrooms and four (4) baths, with private decks or patios, and will be located in three story buildings, with four garden condominium units on each floor, all as more particularly shown on the Plans. Units in Phases 1A, 1B, 2A, 2B, 3A, 3B, 7A, 7B, 8A, 8B, 9A and 9B, will each have four (4) bedrooms and four (4) baths, with private decks or patios, and will be located in three story buildings (three main floors and a lower terrace floor), with four garden condominium units on each of the three (3) main floors and two (2) garden condominium units on the lower terrace floor, all as more particularly shown on the Plans. Exteriors of the buildings feature vinyl siding.

It is anticipated that construction of the initial phase of the Condominium (Phases 1A, 1B, 2A, 2B, 3A and 3B), will be commenced and completed during the 1997 calendar year. Financial arrangements will be made by the Declarant for completion of construction of all improvements labeled "Must Be Built" on the Plat and Plans for the Condominium.

Declarant reserves the right, at Declarant's discretion, to construct the buildings in the Condominium with individual water meters for each Unit. If individual meters are installed, each Unit Owner will be responsible for payment of the water bill for

their Unit to the public utility that supplies the water. If individual meters are not installed, the water bills will be paid by the Association. Water bills, and any other utility bills, relating to any amenities (pool, etc.) or other "Common Elements" constructed by the Declarant in the Condominium, will be paid by the Association.

Declarant reserves the right, at Declarant's discretion, to construct security gates at any or all of the street entrances to the Condominium and the entrances to any or all of the buildings or amenities in the Condominium. If constructed, any such security gates shall be "Common Elements" of the Condominium.

Declarant reserves the right, at Declarant's discretion, to construct any or all of the amenities shown on the "Proposed Plat" and the "Proposed Phasing Plan" (i.e., basketball court, volleyball courts, pool, concrete patio, wood decks, clubhouse). Also, Declarant reserves the right, at Declarant's discretion, to construct park-related amenities (picnic tables, barbecue grills, gazebo, play areas, etc.) on the approximate 2.61 acre parcel of land located on the west side of Lake Dam Road. If constructed, any such amenities shall be "Common Elements" of the Condominium. It is not now contemplated that any charges (other than fees and assessments that relate to all "Common Elements") will be made to Unit Owners or their tenants for the use of any amenities that may be constructed as part of the Condominium. **(NOTE: The projected "Budget" that is a part of this Public Offering Statement shows estimated fees with and without the amenities.)** Pursuant to Article IV, Section 4.5(c) of the Declaration, Declarant, its successors, transfers and assigns, and their respective mortgagees, owning the Additional Real Estate, or any portion thereof, shall have a perpetual nonexclusive right and easement of use of those portions of the "Common Elements" that may be constructed as recreational amenities of the Condominium (basketball court, volleyball courts, pool, patio, decks, clubhouse), provided, however, the owner of the Additional Real Estate exercising such rights and easements shall contribute a reasonable prorata share of the cost of operation and maintenance of such amenities so utilized. **(NOTE: THE CONSTRUCTION OF ANY OR ALL OF THE AMENITIES IDENTIFIED ABOVE SHALL BE AT THE SOLE DISCRETION OF DECLARANT. THE DECLARANT IS UNDER NO OBLIGATION TO BUILD ANY OF SUCH AMENITIES.)**

If the Declarant elects to construct a clubhouse as a Common Element of the Condominium, Declarant reserves the right to maintain a sales office within such clubhouse for so long as Declarant has Units for sale in the Condominium. Also, in order to secure and protect any appliances, equipment and other items installed in the clubhouse, and for the safety and protection of the Unit Owners, the Association may limit access to the clubhouse, and any other amenities, to particular days and hours and establish such other rules pertaining to the use of such amenities as it may deem advisable.

Declarant reserves the right to add additional Units, real estate, and amenities to Lake Park Condominium. The Additional Real Estate that may be added to the Condominium is described in Exhibit "A-1" of the Declaration. The Declarant is under no obligation to add the Additional Real Estate, build any of the

amenities identified above, or build any additional phases of the Condominium beyond the initial Phases 1A, 1B, 2A, 2B, 3A and 3B, and the approximate 2.61 acre parcel of land located on the west side of Lake Dam Road, as shown on the proposed Plat. While it is the Declarant's present intent that any buildings and Units erected upon the Additional Real Estate will be compatible with the other Units in the Condominium in terms of architectural style, quality of construction, and size, Declarant does reserve the right to change the architectural style and size of any buildings and Units that may be erected upon the Additional Real Estate. In addition to the buildings and Units that may be erected upon the Additional Real Estate, any other improvements or Common Elements, including Limited Common Elements, which may be erected on the Additional Real Estate if added to the Condominium, will be generally similar in quality and quantity to the other improvements and Common Elements in the Condominium.

While it is Declarant's present intent that the location of any buildings, amenities, and other improvements that may be constructed on the Additional Real Estate described in Exhibit "A-1" of the Declaration will be as shown on the portion of this Public Offering Statement entitled "Proposed Phasing Plan", Declarant reserves the right to change the location of any such buildings or other improvements.

All Units in the Condominium are restricted to residential use only and shall be occupied on a permanent basis by no more than four unrelated persons or six related persons. The Declarant reserves the right to rent or market to investors the Units in Lake Park Condominium. The Declarant further reserves the right to change the price of any unsold unit at any time and to use a maximum of four (4) unsold Units as models or as a sales or management office. The Declarant retains the right to withdraw withdrawable real estate from the Condominium.

Except as specifically stated in this Public Offering Statement, no assurances are made by the Declarant as to any matters relating to any buildings, Units, Common Elements or other improvements which may be erected on the Additional Real Estate described in Exhibit "A-1" of the Declaration if added to the Condominium. Further, with the exception of the right to use of amenities by owners, and their tenants, of any of the Additional Real Estate that is not added to the Condominium, the assurances made in this Public Offering Statement will not apply with respect to any Additional Real Estate that is not added to the Condominium.

SUMMARY OF PRINCIPAL CONDOMINIUM DOCUMENTS

A number of documents will create and govern the operation of the Condominium. These documents (collectively referred to as the "Condominium Documents") include the Declaration, the Bylaws, and the Rules and Regulations. The following is a summary of the principal relevant Condominium Documents:

DECLARATION

The Condominium is created by the Declarant's recording of

the Declaration.

Article I of the Declaration provides definitions of certain terms used in the Condominium Documents.

Article II of the Declaration submits the Condominium to the provisions of the Act and describes the Percentage Interests, votes and Common Expense liabilities allocated to each Unit. The Percentage Interest applicable to each Unit has been determined by a ratio formulated upon the relation that each Unit bears to the total number of Units. Section 2.6 provides that each Unit shall be entitled to one vote in the Association to be cast by its Owner(s). Section 2.6 also provides that the Common Expense liability of each Unit shall be assessed in accordance with its respective Percentage Interest.

Articles I and II of the Declaration also describe the boundaries of the Units, the Limited Common Elements and the Common Elements in the Condominium. Unit boundaries run along the undecorated surfaces of the ceiling facing the interior of the Unit and the topmost surfaces of the subflooring, the undecorated surfaces of the perimeter walls, exterior doors and exterior windows facing the interior of the Unit and include the decoration on all such interior and topmost surfaces, including, without limitation, all paneling, tiles, wall paper, paint, finish flooring and any other materials constituting any part of the decorated surfaces thereof, and also include all spaces, interior partitions and other fixtures and improvements within such boundaries. The significance of the Unit boundaries is that all portions of the Unit contained within these boundaries are owned by the Unit Owner and the Unit Owner has sole responsibility for the care, maintenance and replacement of these areas. The provisions of Section 2.4 of Article II deal with the subdivision or alteration of existing Units by Unit Owners. Article II also describes certain portions of the Buildings which are designated as Limited Common Elements in the Declaration and Plans.

Article III of the Declaration describes the right of Declarant to add Additional Real Estate to the Condominium including both new Units and Common Elements.

Articles IV and V of the Declaration list various easements to which the Condominium or certain portions of the Condominium are subject. Section 5.3 reserves to the Declarant the right to maintain models, signs and sales offices on the Condominium Property. (See the portion of this Narrative entitled "Encumbrances upon Title".)

Article V of the Declaration also imposes various restrictions of the use of the Units and various other portions of the Condominium.

Article VI of the Declaration deals with the liability of Unit Owners to pay for all assessments allocated to their individual Units and provides for the procedures to be followed to fix and collect assessments in the event that a Unit Owner fails to pay them.

Article VII of the Declaration deals with the responsibility of both Unit Owners and the Association regarding maintenance, repairs, alterations and improvements to the Units and Common Elements.

Article VIII of the Declaration outlines the types and amount of insurance which the Association is required to obtain and the various provisions governing such insurance.

Articles IX and X of the Declaration deal with procedures to be followed by the Declarant, the Unit Owners and the Association in the event of casualty damage to the Units or Common Elements or a taking by eminent domain of any part of the Units or the Common Elements.

Article XI of the Declaration describes the procedures that must be complied with in order to terminate the Condominium.

Article XII of the Declaration sets forth the procedures regarding amendment of the Condominium Documents.

Article XIII of the Declaration deals with the rights of lenders who provide mortgage financing to purchasers of Units in the Condominium.

Article XIV of the Declaration sets forth general conditions regarding the interpretation, validity and enforceability of the Condominium Documents.

BYLAWS

The Bylaws are the rules for governance of the Association and serve the same purpose as the Bylaws of a corporation.

Article II of the Bylaws establishes the membership rights of all Unit Owners in the Association and sets forth the time, location, purpose and business to be conducted at meetings of the Association. Article II also sets forth the required notice, quorum and voting rights of the Unit Owners as members of the Association and the procedures to be followed in conducting meetings of the Association. The Bylaws require the Association to conduct meetings at least annually. At such meetings various members of the Executive Board will be elected and the members present will conduct such other business as may be required by law or by the Condominium Documents.

Article III of the Bylaws set forth the procedures for electing the Executive Board of the Association and discusses procedures in the event of resignation or removal of an Executive Board member and the filling of vacancies in the Executive Board. Article III also sets forth the powers of the Executive Board and the limitations on these powers.

Article IV of the Bylaws sets forth the procedures governing meetings of the Executive Board, including the required notice, quorum and voting rights of the directors of the Executive Board and the procedures to be followed in conducting the meetings of

the Executive Board. Article IV also sets forth limitations on the liability of directors and officers and provides for the indemnification of directors and officers against all expenses and liabilities which they may incur, absent their willful misconduct or bad faith.

Article V of the Bylaws contains provisions governing the election of officers of the Association by the Executive Board and the duties of such officers. The Executive Board annually elects a Chairman of the Board, Secretary, Treasurer and such other officers as the Executive Board may determine.

Article VI deals with the liability of Unit Owners to pay for all assessments allocated to their individual Units and provides for the procedures to be followed to fix and collect assessments in the event that the Unit Owner fails to pay them. Article VI also sets forth the obligations of each Unit Owner regarding the maintenance and repair of his Unit and the obligation of the Association to maintain and repair the Common Elements. Article VI also describes procedures to be followed regarding the addition, alteration or improvement of the Units and the Common Elements by the Unit Owners and the Association.

Article VII of the Bylaws discusses the record keeping requirements of the Association and the annual budget established by the Association, including the factors to be taken into account in constructing the budget.

Article VIII of the Bylaws sets forth the procedures for amendment of the Bylaws.

Article IX of the Bylaws discusses the effect of a taking of any part of the Condominium by eminent domain, including the disbursement of any condemnation awards.

Article X of the Bylaws discusses the tax liability of Unit Owners and the Association for the Units and the Common Elements.

RULES AND REGULATIONS

Under the Declaration, the Executive Board may promulgate Rules and Regulations governing the use of the Condominium. A copy of the proposed Rules and Regulations is contained in the part of this Public Offering Statement entitled "Rules And Regulations For Lake Park Condominium". Included in the Rules and Regulations are restrictions concerning: (i) the types of vehicles which may be parked at the Condominium; (ii) solicitations and trash removal; (iii) the use of Common Elements; and (iv) the use of the Units, including noise, odors and external appearances.

SUMMARY OF PRINCIPAL CONDOMINIUM CONTRACTS

The following is a summary of the principal relevant contracts affecting the operation of the Condominium:

1. The Declarant intends to enter into a Management Agreement with an approved entity or individual to provide for the day to day management of the Condominium. The terms of such management contract and the powers delegated to the manager under such contract shall be governed by Section 3.10 of the Bylaws.

CONDOMINIUM ASSOCIATION FINANCIAL MATTERS

Unit Owners will be assessed on a monthly basis in order to provide the Association with the funds necessary to meet the annual budget of the Association. The amount of the Common Expenses assessed against each Unit will be based upon its applicable Percentage Interest. All Common Expenses associated with the maintenance, repair or replacement of a Limited Common Element shall be assessed as expenses against the Unit to which such Limited Common Element was assigned at the time the expense was incurred. No Unit Owner may exempt himself from liability with respect to Common Expenses by refraining from using his Unit or any of the Common Elements.

The budget will cover anticipated Common Expenses for the upcoming fiscal year. The budget will also include a reserve for periodic maintenance, repair and replacement of Common Elements. Included in the portion of this Public Offering Statement entitled "Preliminary Association Budget" is the projected budget for the Association for the first year of the Condominium's operation after the anticipated date of the first conveyance of a Unit to a purchaser. The budget figures are, of course, estimates and the Declarant cannot be certain that sufficient funds have been budgeted to cover all Common Expenses that may be incurred. The budget estimates are not intended or are not considered as guaranties of any kind whatsoever, and the actual expenditures may differ from estimated expenditures, due to possible changes in the future income or expenses of the Condominium, changes in the general condition of the economy or other variable factors. Declarant, however, believes that the current version of the budget is based upon the best possible cost estimates that can be made at this time on the basis of the information currently available. The assumptions made and methods used in preparing the estimates are set forth in the notes to the budget. (NOTE: The projected Budget that is a part of this Public Offering Statement shows estimated fees with and without the amenities identified in the "General Description Of The Condominium" section, above.)

If insufficient funds are budgeted for any given fiscal year, the Executive Board may levy an additional or special assessment to make up the budget deficit.

In addition to the reserves included in the budget, the Association will have a separate working capital fund to insure that the Association will have cash available to meet unforeseen expenditures during the initial months of the Condominium's operation. At closing, each purchaser of a Unit shall make a non-refundable contribution to the working capital fund of an amount equal to two (2) months' estimated common expense liability. Such contributions are not to be considered as

advance payments of the normal monthly assessments.

There are no services which are not reflected in the budget that the Declarant currently provides, or expenses that it pays and that it expects may become a Common Expense at any subsequent time.

Each Unit Owner is personally liable for the payment of all sums assessed by the Association against his Unit during his ownership of such Unit, and such assessments constitute a lien against his Unit until fully paid. If the assessments are not paid when due the Association has the right to obtain payment of past due assessments by foreclosure of the lien (resulting in a forced sale of the Unit) or by suing the Unit Owner. In addition, the Association may assess a late charge and interest and provide notice of the delinquency to a lender holding a mortgage on the Unit. The delinquent Owner shall also be obligated to pay all expenses of the Association, including reasonable attorneys' fees, incurred in collection of the delinquent assessment. Any unpaid assessments which cannot be properly collected from a former Unit Owner after he transfers his Unit may be reassessed by the Association as a Common Expense to be collected from all of the Unit Owners.

ENCUMBRANCES UPON TITLE

The Condominium is subject to:

- (a) The Declaration to be recorded, including conditions disclosed by the Plans, to be recorded, the Bylaws and the Rules and Regulations, as each of them may be amended from time to time.
- (b) General and specific utility easements of record.
- (c) Unrecorded easements, discrepancies or conflicts in boundary lines, shortages in area encroachments which an accurate and complete survey would disclose, including any easements and encroachments as shown on the Plat and Plans.
- (d) Easements and restrictions described in Articles III and IV of the Declaration including:
 - (i) Easements in favor of the appropriate utility companies to serve the Condominium Property and all appurtenances thereto;
 - (ii) Easements in favor of the Association and to such persons as authorized by the Association for utility installations within the walls of the Units;
 - (iii) An easement in favor of the Association, a Unit Owner, the Executive Board or any other person as permitted under the Condominium Documents to inspect, maintain, repair and replace the Common Elements;
 - (iv) Easements in favor of the Declarant, the Association, appropriate utility and service companies and

governmental agencies and authorities for such utility and service lines and equipment as may be necessary or desirable over the Units and the Common Elements to serve any portion of the Condominium Property;

(v) Easements reserved by the Declarant through the Common Elements as reasonably necessary for discharging its obligations under the Condominium Documents and completion of construction of the Condominium;

(vi) Easements reserved by the Declarant to maintain sales offices or models in the Condominium on the Condominium Property.

(e) The encumbrances identified in Exhibit "C" to the proposed Declaration for the Condominium.

(f) Easements reserved by the Declarant, its successors, transfers and assigns, and their respective mortgagees, pertaining to use of those portions of the "Common Elements" that may be constructed as recreational amenities of the Condominium (basketball court, volleyball courts, pool, patio, decks and clubhouse), pursuant to Article IV, Section 4.5(c) of the Declaration.

FINANCING FOR PURCHASES OF UNITS

Although the Declarant has not obtained any commitment for mortgage loans to be made available to Unit purchasers, the Declarant will be happy to refer prospective purchasers to one or more institutions which may be prepared to provide this financing under normal FHA or VA underwriting standards.

CLOSINGS FOR PURCHASES OF UNITS

The closings for the purchase and sale of Units in Lake Park Condominium will be conducted by and at the offices of Declarant's attorneys, BERRY, PATRICK, FARMER & MICHAM, P.A., located at 3716 National Drive, Suite 100, in Raleigh, North Carolina. Declarant has employed its attorneys to close Declarant's sales of Units to its customers and, in connection therewith, to close the mortgage loans of Declarant's customers. Declarant will pay the closing fee charged by Declarant's attorneys and said attorneys will be representing the Declarant, only, in connection with the transaction. If a buyer desires to employ an attorney to represent buyer, the buyer may do so at buyer's expense.

WARRANTIES PROVIDED BY THE DECLARANT

The general contractor for Declarant (John S. Clark Company, Inc.) participates in the Home Buyers Warranty (HBW) program and the general contractor warrants that each Unit meets the Performance Standards adopted by the Home Buyers Warranty Corporation and set forth in the Home Buyers Warranty Corporation Insurance/Warranty Documents. The general contractor will pay

the premium for issuance of the HBW policy in the Unit Owner's name(s). A specimen HBW policy will be delivered to each Unit Purchaser at or prior to closing. The actual HBW policy will be sent by the Home Buyers Warranty Corporation directly to the Unit Owner after closing.

The above warranties shall not apply if the defective part or parts of the Unit have been subjected to misuse or damage by accident or have not been afforded reasonable care. The liability of the general contractor and Declarant is limited to replacing or repairing any defective parts or materials which do not comply with these warranties and in no event shall such liability exceed the replacement cost of the Unit. Declarant and the general contractor shall not be liable for consequential damages arising from any breach of such warranties.

Declarant and/or the general contractor will make available to each Unit Purchaser any warranty on any item of equipment or appliance that has been purchased new from the Declarant if such warranty has been provided to the Declarant by the manufacturer thereof.

EXCEPT AS SET FORTH ABOVE, THE UNIT AND ALL PERSONAL PROPERTY ARE BEING SOLD "AS IS", WITHOUT WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, INCLUDING BY WAY OF ILLUSTRATION AND NOT LIMITATION, IMPLIED WARRANTIES OR MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR HABITABILITY.

LITIGATION INVOLVING THE ASSOCIATION, THE DECLARANT OR THE CONDOMINIUM

As of the effective date of this Public Offering Statement there are no judgments against the Association or the Declarant and neither entity is a party to any pending litigation in North Carolina. The Declarant has no actual knowledge of any currently pending litigation that would have any effect on the Condominium.

ESCROW DEPOSITS UNDER PURCHASE AGREEMENTS

In accordance with the provisions of Section 47C-4-110 of the Act, each escrow deposit received in connection with the purchase or reservation of a Unit from a Purchaser shall be immediately deposited in a non-interest bearing escrow account with First Citizens Bank (Mission Valley branch) in Raleigh, North Carolina. Wilson Property Management, a North Carolina corporation, shall act as the escrow agent for such deposits, and such funds shall remain in such account until expiration of the period of time within which the purchaser is entitled to cancel the transaction, or cancellation by the Purchaser under the Purchase Agreement, whichever occurs first. (As explained more fully on the first page of this Public Offering Statement).

RESTRICTIONS ON TRANSFERABILITY OR USE OF UNITS

There are no restrictions upon the resale of a Unit by its

Owner and no right of first refusal with respect thereto. The Declaration does provide (in Section 5.6) however, for the following restrictions upon the leasing of Units: (i) no Unit may be leased or subleased without a written lease or sublease; (ii) no Unit may be leased or subleased for an initial term of less than thirty (30) days; and (iii) the rights of any lessee or sublessee of any Unit (under a lease or sublease whose current term, renewal or extension commences on or after the date the Declaration is recorded) shall be subject to, and each such lessee or sublessee is bound by, the covenants, conditions and restrictions contained in the Condominium Documents; provided, however, that lessees or sublessees are not directly liable to pay any assessments on behalf of the Owner of the Unit in which they reside.

In addition to the restrictions on the use of the Units discussed earlier in this Narrative (under the heading "General Description of the Condominium") the Declaration (in Article V) imposes the following restrictions on use:

(a) the Units in all phases of the Condominium are restricted to residential use only and no more than four (4) unrelated persons or six (6) related persons may reside on a permanent basis in a Unit;

(b) the Common Elements may be used only for the benefit or enjoyment of the Unit Owners and Occupants of all Units. No Unit Owner may carry on any practice, or permit any practice to be carried on, which unreasonably interferes with the quiet enjoyment by the Occupants of any other Unit;

(c) no Unit may be used in a manner which increases any rate of insurance maintained with respect to the Condominium without the prior written consent of the Executive Board, nor may any Unit be used in a manner which violates any law or will result in the commitment of waste to the Unit or the Common Elements;

(d) no Unit Owner other than the Declarant may erect any sign on or in his Unit or any Limited Common Element which is visible from outside his Unit or from the Common Elements without prior written permission of the Executive Board;

(e) no Unit Owner or Occupant with the exception of Declarant shall alter, construct anything upon or remove anything from the Common Elements or paint, decorate, landscape or adorn any portion of the Common Elements without the prior written consent of the Executive Board;

(f) with the exception of domestic fish and birds (which may be kept inside a Unit provided they do not become a nuisance to any other Unit Owner), no pets, animals, livestock or poultry of any kind may be raised, bred or kept on the property; and

(g) Unit Owners are responsible for maintaining their individual Units in good order and repair at the expense of such owners. The responsibilities of the Unit Owner for cleaning, maintenance and repair include the cleanliness of any Limited Common Element serving his Unit only.

CONDOMINIUM INSURANCE

The Condominium, exclusive of the Units themselves, will be insured by a policy of fire and property damage insurance written on an "All-Risk" basis in an amount equal to not less than 100 (100%) percent full insurable value of the Property on a replacement cost basis exclusive of land, excavations, foundations and other items normally excluded from property policies.

The premium for this insurance will be paid by the Association and each Unit Owner will pay his share as part of his assessment for Common Expenses. This policy will not insure physical improvements within the boundaries of each Unit, nor the appliances or personal property of the Unit Owner, it being the individual responsibility of Unit Owners to obtain property insurance and liability insurance with respect to claims arising out of the use and ownership of their individual Units. As of the date of this Public Offering Statement such insurance coverage is currently available in North Carolina and should be obtained by each Unit Owner to protect himself against fire or other damage to his Unit and liability claims within his Unit.

The Association will also carry a liability insurance policy on behalf of the Association and all Unit Owners to insure them against liability arising out of the ownership or use of the Common Elements in compliance with the applicable requirements of the Declaration. This liability policy will not insure Unit Owners against liability arising from an accident or an injury occurring within their Unit or from their own negligence.

The Association shall obtain fidelity insurance coverage, if available, in commercial blanket form covering each director and officer of the Association, any employee or agent of the Association and any other person handling or responsible for handling funds of the Association. Such bonds shall contain appropriate endorsements to cover persons who serve without compensation and the premiums for such bonds shall be a Common Expense.

The Executive Board may engage, and pay as a Common Expense, any appropriate person to act as an insurance trustee to receive and disburse insurance proceeds consistent with the provisions of the Act and the Declaration.

EXPECTED FEES OR CHARGES PAID BY UNIT OWNERS FOR THE USE OF THE COMMON ELEMENTS

It is not now contemplated that any charges will be made for use of any part of the Common Elements. The operation or the maintenance of the Common Elements will be covered fully in the Association budget and included in the maintenance fees. The Declarant does not know of any unusual or material circumstances, features or characteristics of the Condominium or the Units other than has been disclosed in this narrative.

EXISTING ZONING AND OTHER LAND USE REQUIREMENTS
GOVERNING THE CONDOMINIUM

The present zoning classification of the Property under the City of Raleigh Zoning Ordinance is R-10, which permits a maximum of ten (10) Units per acre. The development of the Property is also subject to development restrictions contained in the City of Raleigh Subdivision Regulations. The present zoning and development restrictions for the Property permit the construction of a condominium project of the size and type identified in this Public Offering Statement for Lake Park Condominium.

AMENDMENTS

This Public Offering Statement is subject to change in order to reflect any material changes in the information set forth herein or otherwise required by the Act. The Declarant shall provide a copy of any such material change in the information required in this Public Offering Statement to any purchaser who has executed a Purchase Agreement. If any material change is made in the Declaration after a Purchase Agreement for a Unit has been signed but before conveyance, the purchaser under said Purchase agreement may rescind the Purchase Agreement within seven (7) days after receipt of the notice of the change.

ANY INFORMATION OR DATA REGARDING THE CONDOMINIUM NOT INCLUDED IN THIS PUBLIC OFFERING STATEMENT MUST NOT BE RELIED UPON. NO PERSON HAS BEEN AUTHORIZED BY THE DECLARANT TO MAKE ANY REPRESENTATION OR WARRANTY NOT EXPRESSLY CONTAINED HEREIN AND NOTHING IN THIS PUBLIC OFFERING STATEMENT MAY BE CHANGED OR MODIFIED ORALLY.

**AMENDMENT TO
PUBLIC OFFERING STATEMENT
FOR
UNIVERSITY COMMONS LAKE PARK, A CONDOMINIUM**

NAME OF CONDOMINIUM: University Commons Lake Park, A Condominium

NAME OF DECLARANT: Lake Park Condominium, LLC, a North Carolina limited liability company

PRINCIPAL ADDRESS OF DECLARANT: 210 First Street, Suite 240
Roanoke, VA 24011

DATE OF PUBLIC OFFERING STATEMENT: January 1, 1997

DATE OF AMENDMENT TO PUBLIC OFFERING STATEMENT: March 17, 1997

This Amendment To Public Offering Statement identifies certain changes in the information contained in the "Public Offering Statement for Lake Park Condominium" dated January 1, 1997. These changes are as follows:

1. **NAME OF CONDOMINIUM.** The name of the condominium has been changed from "Lake Park Condominium" to "University Commons Lake Park, A Condominium".

2. **CONSTRUCTION OF INITIAL UNITS.** It is anticipated that the 14 unit building planned for Phase 3B will not be constructed as part of the initial phase of the Condominium. Thus, the number of units that are anticipated to be constructed in the initial phase of the Condominium has been changed from 84 units to 70 units. The Declarant anticipates that the units in Phase 1A, 1B, 2A, 2B and 3A will be commenced and completed during the 1997 calendar year. (Note: As stated in the Public Offering Statement, the Declarant reserves the right to bring any or all of Phases 1A to 3B, and any or all of the other land identified in Exhibit "A-1" of the Declaration, into the Condominium at the time of, or subsequent to, recordation of the Declaration.)

3. **PERCENT INTEREST.** As a result of the reduction in the number of anticipated initial units identified in Item 2, above, the anticipated "Percent Interest" in the Condominium to be held by each unit owner, as identified in Exhibit "B" to the proposed Declaration, has changed from "1.1905" percent to "1.4286" percent. (Note: As stated in the "Proposed Declaration", if

the Declarant adds the Additional Real Estate, or portions thereof, to the Condominium, the percentage interest of each unit owner in the "Common Elements" and the "Common Expenses" will be determined by a ratio formulated upon the relation that each unit bears to the total number of units in the Condominium.)

4. **PROPOSED PLANS.** As shown on the attached "AMENDED PROPOSED PLANS", there has been a change in the floor plan for the units located on each floor of each building in Phases 1A, 1B, 2A, 2B and 3A of the Condominium. This change relates to the configuration of the bathroom and closet in the front, right bedroom of each floor unit in each of these buildings. (Note: Except as shown on the attached "AMENDED PROPOSED PLANS", all other information relating to the configurations of the units and buildings is as shown on the "PROPOSED PLANS" attached to the Public Offering Statement.)

5. **2.61 ACRE PARCEL.** As identified in the Public Offering Statement and on the "PROPOSED PLAT" for the Condominium, the Declarant owns an approximate 2.61 acre parcel of property located on the west side of and immediately adjacent to Lake Dam Road. At the time of preparation of the Public Offering Statement, it was anticipated that this 2.61 acre parcel would be included in the Condominium. In subsequent discussions between the Declarant and the City of Raleigh, a question has been raised as to whether this 2.61 acre parcel should be conveyed to the city as a public park area or included as part of the Condominium. If the City of Raleigh and the Declarant determine that the 2.61 acre parcel is to be dedicated to the city, this parcel will not be part of the "Common Elements" of the Condominium. If the City of Raleigh and the Declarant determine that the 2.61 acre parcel is not to be dedicated to the City, with the exception of any portion of the parcel to be dedicated to the City of Raleigh Greenway System as identified below, this parcel will be included in the initial phase of the Condominium and will be part of the "Common Elements" of the Condominium. If the City of Raleigh and the Declarant determine that the 2.61 acre parcel is not to be dedicated to the City of Raleigh, it is anticipated that there will be an area within such parcel that will be either subjected to a Greenway Easement to the City of Raleigh or dedicated to the City of Raleigh Greenway System, which area is at the southern end of the 2.61 acre parcel and will extend approximately 100' east of and parallel to Walnut Creek. If this area is dedicated to the City of Raleigh Greenway System, it will not be part of the "Common Elements" of the condominium. If this area is submitted to a Greenway Easement to the City of Raleigh, such area will, subject to the easement, be part of the "Common Elements" of the Condominium. (Note: Prior to recording of the Declaration for the Condominium, the Proposed Plat" will be revised to be consistent with the information identified above.)

6. **INDIVIDUAL WATER METERS.** As stated in the Public Offering Statement for Lake Park Condominium, the Declarant reserves the right, at Declarant's discretion, to construct the buildings in the Condominium with individual water meters for each unit. If individual water meters are installed, each unit owner will be responsible for payment of the water bill for their unit to the public utility that supplies the water. If individual meters are not installed, the water bills will be paid by the Association. (Note: Prior to recording of the "Proposed Declaration", the provisions of the Declaration will be revised to be consistent with the information identified above.)

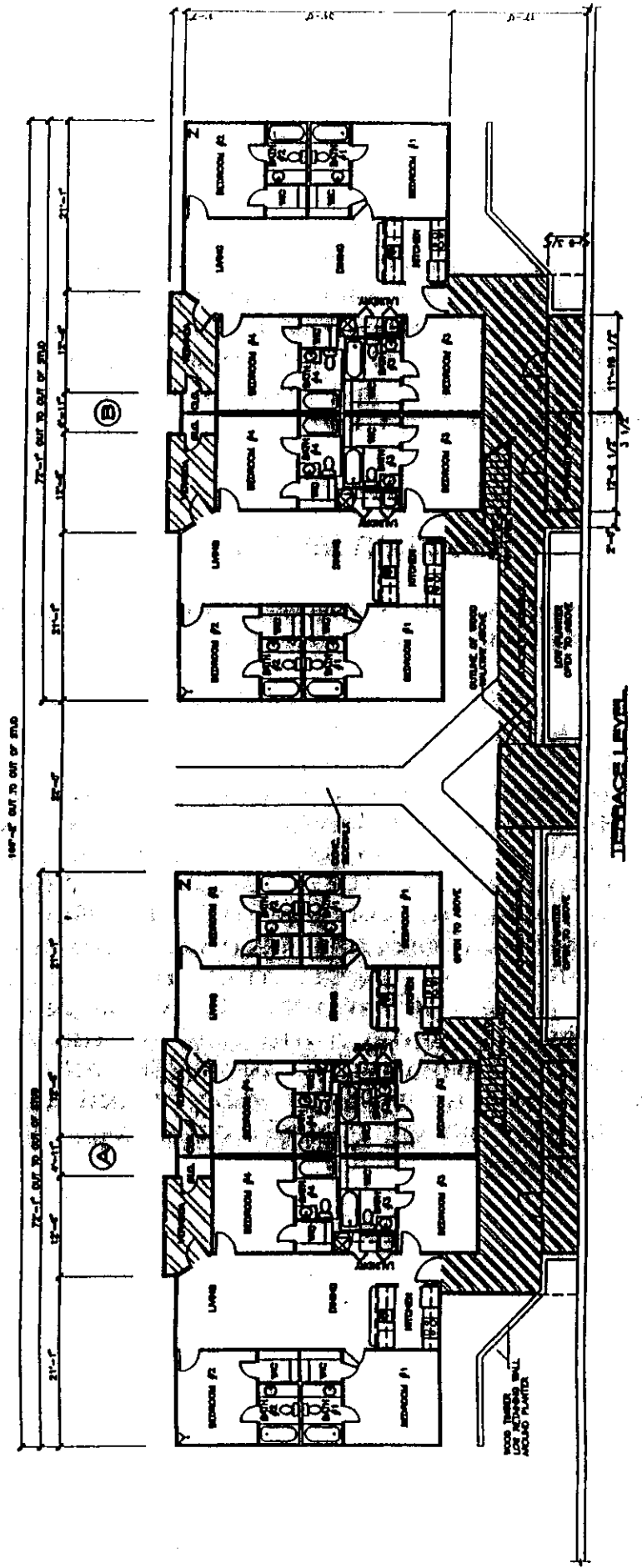
7. **ESCROW DEPOSITS.** Escrow deposits shall be deposited by Declarant in an escrow account with First Union National Bank in Raleigh, North Carolina, and shall remain in such account until expiration of the period of time within which the purchaser is entitled to cancel the transaction.

Prior to recording of the Declaration for the condominium, the provisions of the proposed Declaration, and all other proposed documents that are a part of the Public Offering Statement for the Condominium dated January 1, 1997, will be modified to state terms consistent with changes identified in this "Amendment To Public Offering Statement for University Commons Lake Park, A Condominium" dated March 17, 1997. Except as specifically stated in this Amendment, all other terms and provisions shall remain as stated in the Public Offering Statement for the Condominium dated January 1, 1997.

IMPORTANT NOTICE

(The following statements are made in compliance with the requirements of Sections 47C-4-103 and 47C-4-108 of the North Carolina Condominium Act.)

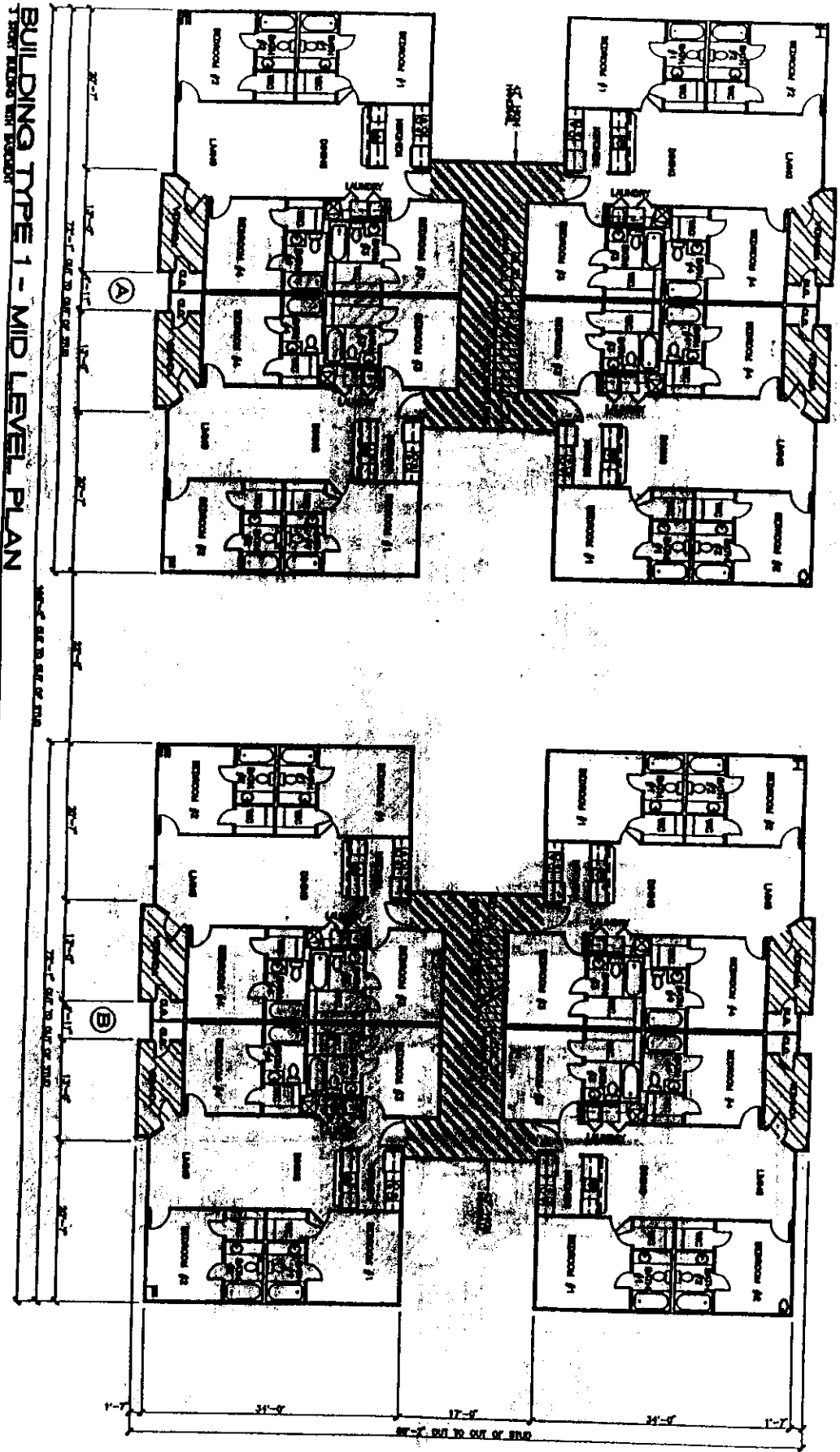
IF ANY MATERIAL CHANGE IS MADE IN A PROPOSED DECLARATION AFTER A CONTRACT FOR PURCHASE HAS BEEN SIGNED BUT BEFORE CONVEYANCE, THE PURCHASER MAY RESCIND THE CONTRACT WITHIN SEVEN DAYS AFTER RECEIPT OF THE NOTICE OF THE CHANGE. THUS, ANY PURCHASER WHO HAS SIGNED A CONTRACT TO PURCHASE A UNIT IN UNIVERSITY COMMONS LAKE PARK, A CONDOMINIUM, MAY CANCEL THE CONTRACT WITHIN SEVEN DAYS OF THEIR RECEIPT OF THIS AMENDMENT TO PUBLIC OFFERING STATEMENT. IF A PURCHASER ELECTS TO CANCEL THE CONTRACT FOR THE PURCHASE OF A UNIT PURSUANT TO THE IMMEDIATELY PRECEDING SENTENCE, HE OR SHE MAY DO SO BY HAND-DELIVERING NOTICE OF CANCELLATION TO THE DECLARANT (IN WHICH CASE A RECEIPT SHOULD BE OBTAINED) OR BY MAILING THE NOTICE THEREOF BY POSTAGE PREPAID, UNITED STATES MAIL, TO THE DECLARANT AT THE PRINCIPAL ADDRESS IDENTIFIED ABOVE. ANY SUCH CANCELLATION OF A PURCHASE CONTRACT WOULD BE WITHOUT PENALTY AND ALL PAYMENTS MADE BY THE PURCHASER BEFORE CANCELLATION WILL BE PROMPTLY REFUNDED BY THE DECLARANT.



BUILDING TYPE 1 TERRACE PLAN
3 STORIES WITH BASEMENT

AMENDED PROPOSED PLANS

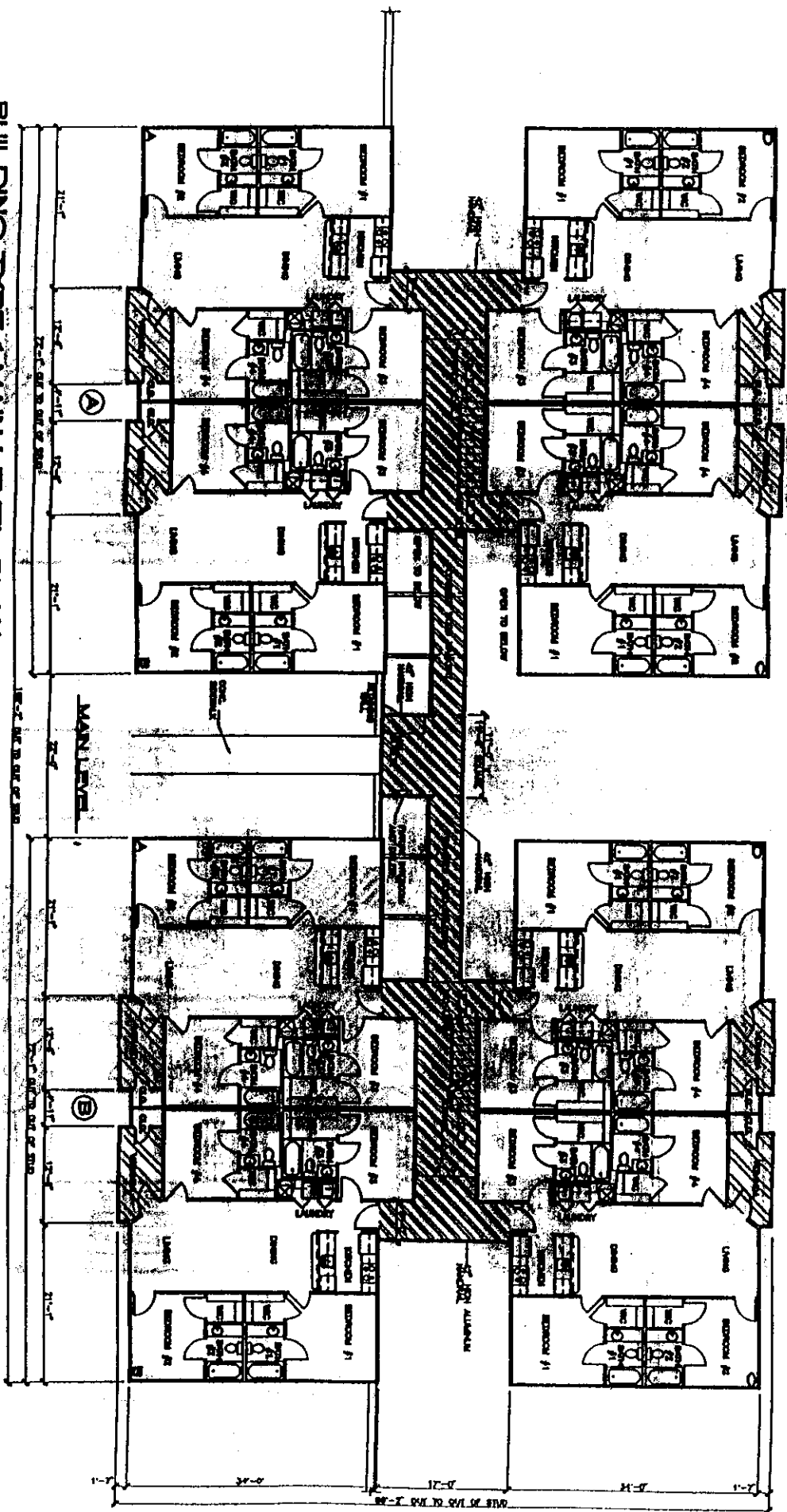
1/18 - T-4



BUILDING TYPE 1 - MID LEVEL PLAN
 1/16" = 1'-0"

AMENDED PROPOSED PLANS

BUILDING TYPE 1 MAIN LEVEL PLAN
3 STORIES WITH BASEMENT
AMENDED PROPOSED PLANS

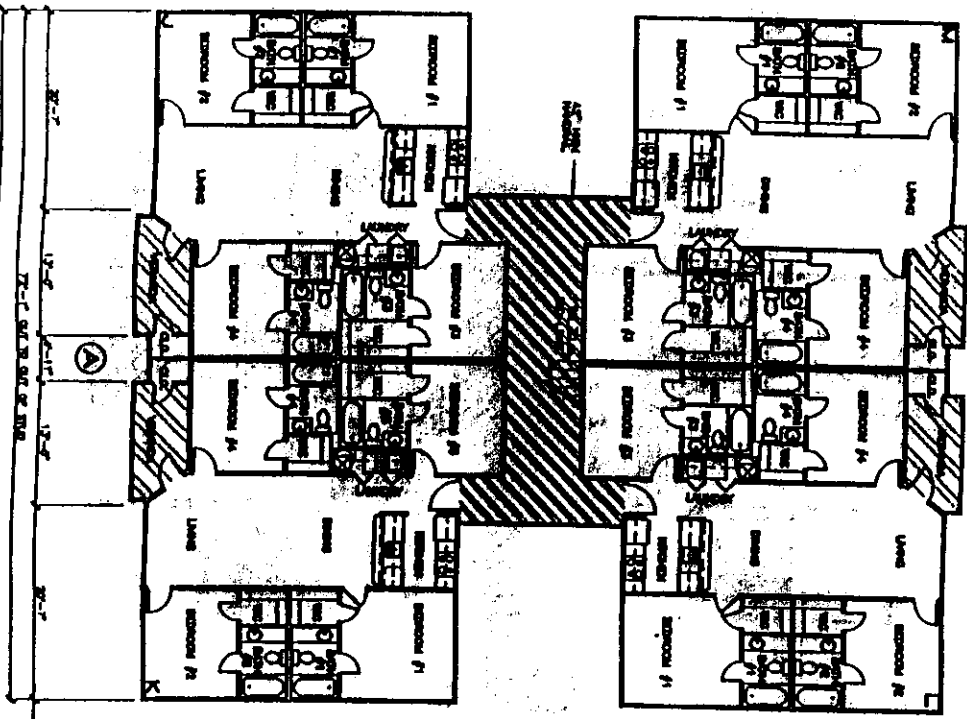


1/16" = 1'-0"

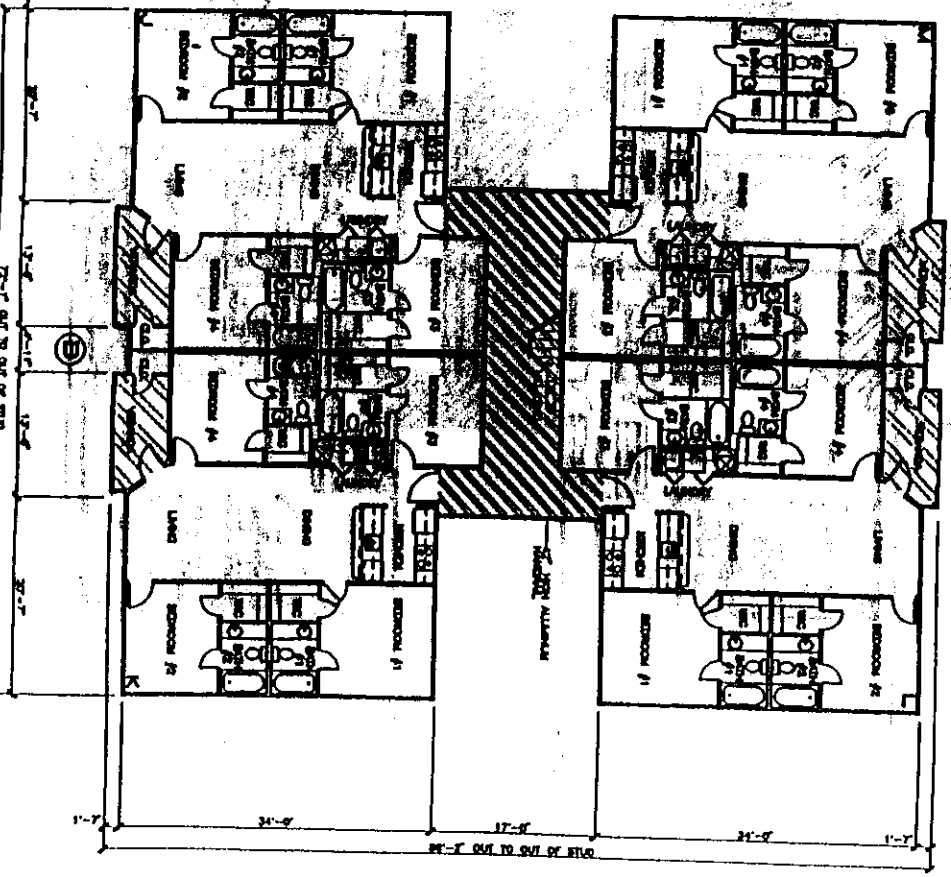
LEGEND

TYPICAL UNIT
1,290 SQUARE FEET

- LIMITED COMMON ELEMENT
- COMMON ELEMENT



BUILDING TYPE 1 - PENTHOUSE LEVEL PLAN

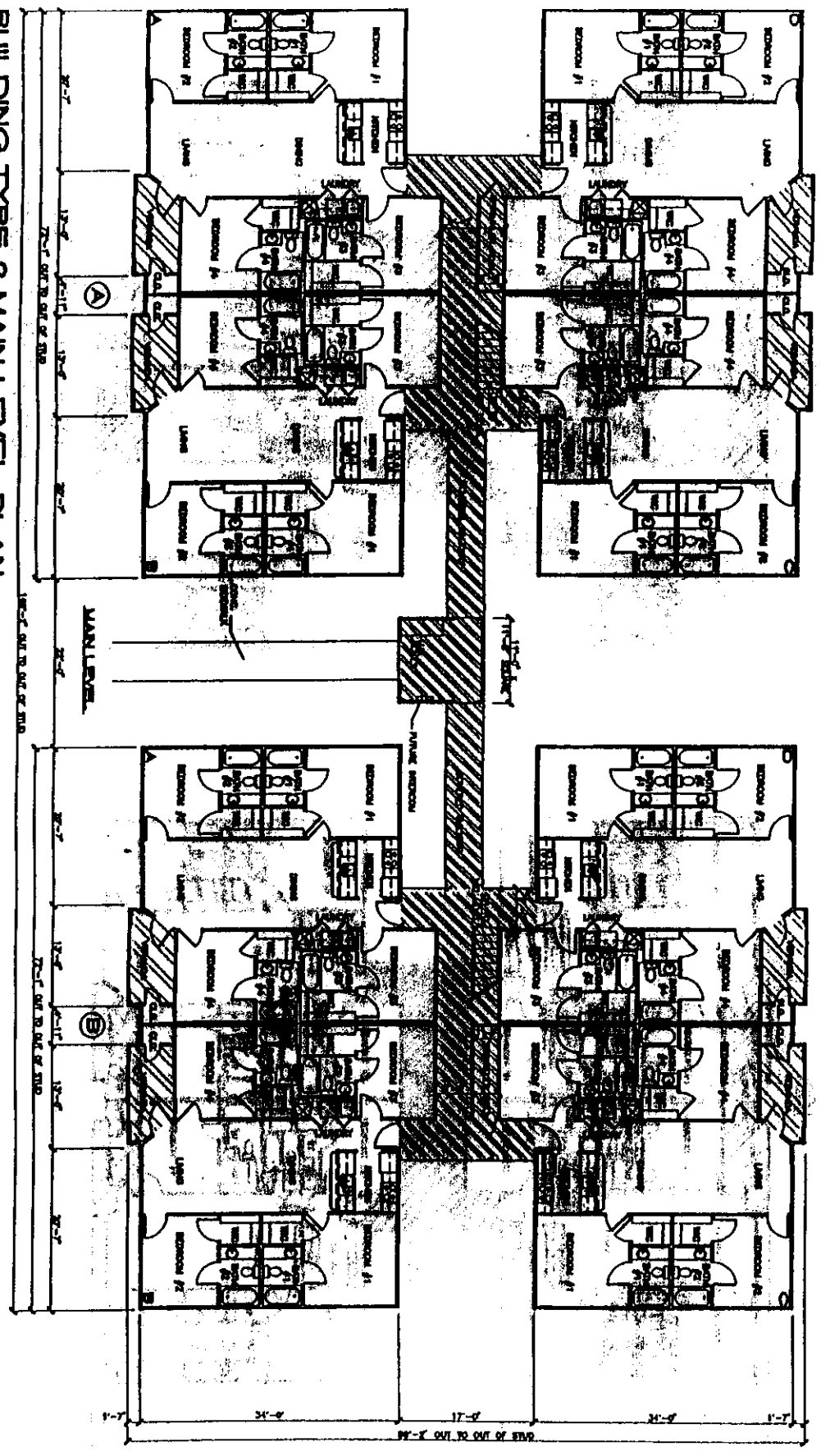


AMENDED PROPOSED PLANS

AMENDED PROPOSED PLANS

BUILDING TYPE 2 MAIN LEVEL PLAN

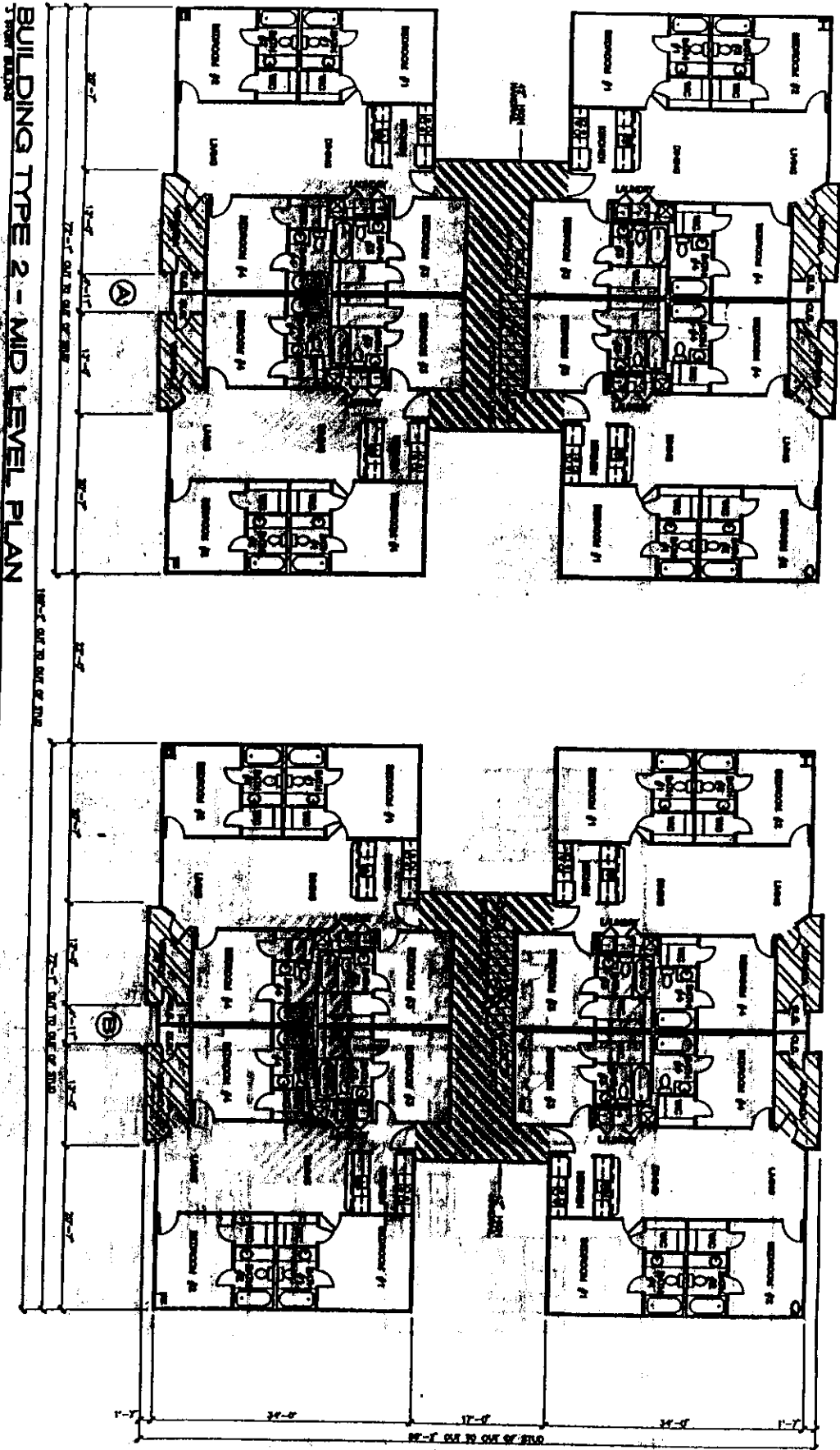
3 STORIES



1/28/11

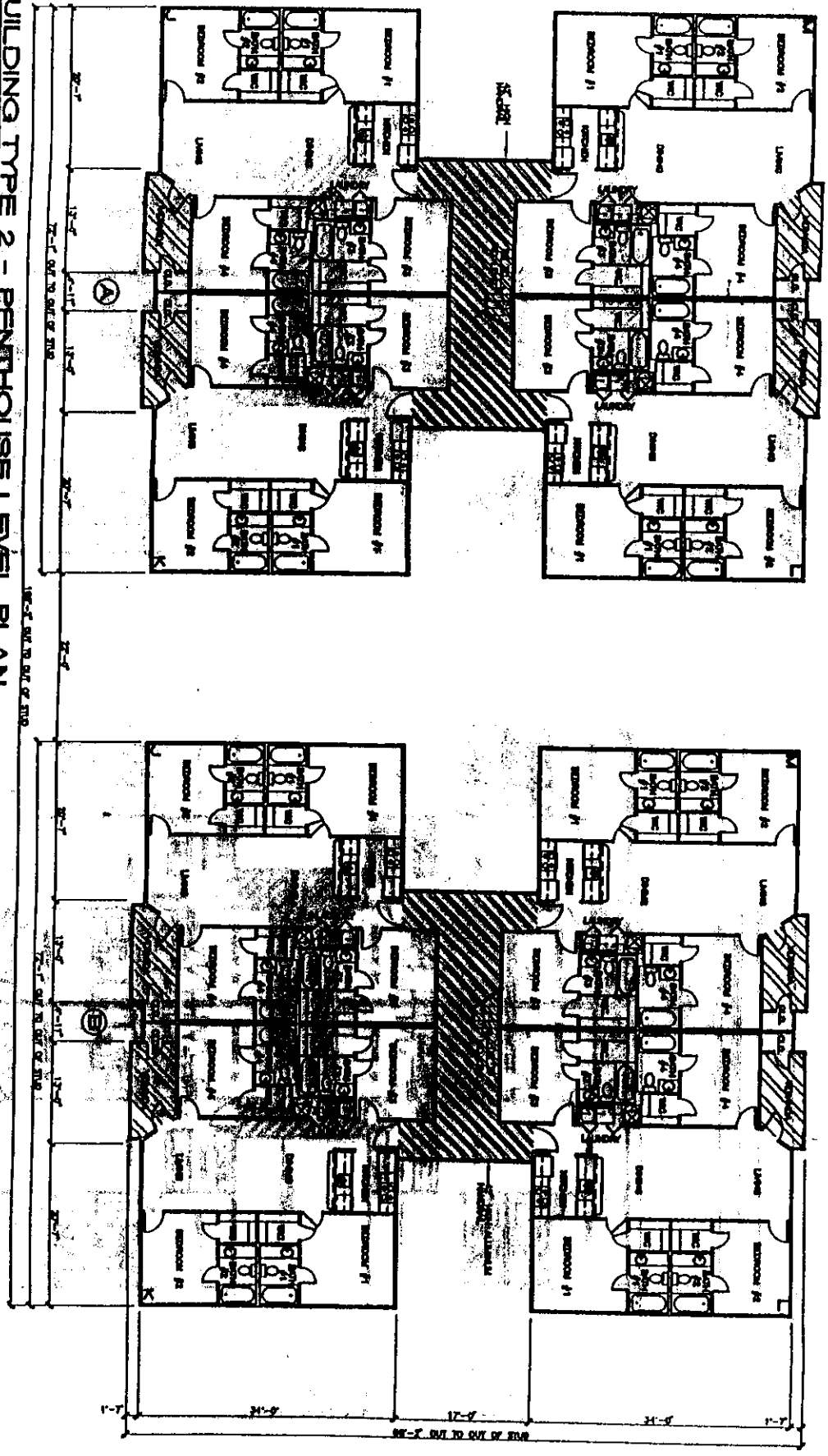
AMENDED PROPOSED PLANS

BUILDING TYPE 2 - MID LEVEL PLAN



1/16" = 1'-0"

BUILDING TYPE 2 - PENTHOUSE LEVEL PLAN
 3 STORY BUILDING
 AMENDED PROPOSED PLANS



SECOND AMENDMENT TO
PUBLIC OFFERING STATEMENT

FOR

UNIVERSITY COMMONS LAKE PARK, A CONDOMINIUM

NAME OF CONDOMINIUM: University Commons Lake Park, A
Condominium

NAME OF DECLARANT: Lake Park Condominium, LLC, a North
Carolina limited liability company

PRINCIPAL ADDRESS OF DECLARANT: 210 First Street, Suite 240
Roanoke, VA 24011

DATE OF PUBLIC OFFERING STATEMENT: January 1, 1997

DATES OF AMENDMENT TO PUBLIC OFFERING STATEMENT:

March 17, 1997 (Amendment)
July 6, 1998 (Second Amendment)

This Second Amendment To Public Offering Statement identifies certain changes in the information contained in the "Public Offering Statement For Lake Park Condominium" dated January 1, 1997, as previously modified by an Amendment dated March 17, 1997. These changes are as follows:

1. General Contractor. The "Warranties Provided By The Declarant" section of the Public Offering Statement dated January 1, 1997, identifies "John S. Clark Company, Inc." as the general contractor for the Condominium. John S. Clark Company was the general contractor for Phases 1A, 1B, 2A, 2B and 3A of the Condominium. The general contractor for Phases 3B, 4A, 4B, 5A, 5B and 6A of the Condominium, is McDonald York Construction, a division of Coleman and Wood, Inc. It is anticipated, at this time, that McDonald York will be the general contractor for any subsequent phases of the Condominium. The Declarant reserves the right, however, at its discretion, to select and/or replace the general contractor for any phase of the Condominium at any time. All warranties and other statements in the Public Offering Statement, relating to the "general contractor" shall apply to the general contractor engaged by the Declarant for each particular phase of the Condominium.

2. 2.61 Acre Parcel. Item 5 of the "Amendment To Public Offering Statement For University Commons Lake Park, A Condominium" dated March 17, 1997, identifies a 2.61 acre parcel of property located on the west side of and immediately adjacent to Lake Dam Road. This 2.61 acre parcel of property has been conveyed by the Declarant to the City of Raleigh and will not be part of the "Common Elements" of the Condominium.

Except as specifically stated in this Second Amendment, all other terms and provisions shall remain as stated in the Public Offering Statement for the Condominium dated January 1, 1997, as modified by the Amendment thereto dated March 17, 1997.

3. Proposed Plans. Item 4 of the "Amendment To Public Offering Statement For University Commons Lake Park, A Condominium" dated March 17, 1997, and the "Amended Proposed Plans" attached thereto, identify a change in the floor plan for the units located on each floor of each building in Phases 1A, 1B, 2A, 2B and 3A. It is anticipated that this same change in the floor plans will apply to the units located on each floor of each building in any subsequent phases of the Condominium.

IMPORTANT NOTICE

(The following statements are made in compliance with the requirements of Sections 47C-4-103 and 47C-4-108 of the North Carolina Condominium Act.)

IF ANY MATERIAL CHANGE IS MADE IN A PROPOSED DECLARATION AFTER A CONTRACT FOR PURCHASE HAS BEEN SIGNED BUT BEFORE CONVEYANCE, THE PURCHASER MAY REScind THE CONTRACT WITHIN SEVEN DAYS AFTER RECEIPT OF THE NOTICE OF THE CHANGE. THUS, ANY PURCHASER WHO HAS SIGNED A CONTRACT TO PURCHASE A UNIT IN UNIVERSITY COMMONS LAKE PARK, A CONDOMINIUM, MAY CANCEL THE CONTRACT WITHIN SEVEN DAYS OF THEIR RECEIPT OF THIS SECOND AMENDMENT TO PUBLIC OFFERING STATEMENT. IF A PURCHASER ELECTS TO CANCEL THE CONTRACT FOR THE PURCHASE OF A UNIT PURSUANT TO THE IMMEDIATELY PRECEDING SENTENCE, HE OR SHE MAY DO SO BY HAND-DELIVERING NOTICE OF CANCELLATION TO THE DECLARANT (IN WHICH CASE A RECEIPT SHOULD BE OBTAINED) OR BY MAILING THE NOTICE THEREOF BY POSTAGE PREPAID, UNITED STATES MAIL, TO THE DECLARANT AT THE PRINCIPAL ADDRESS IDENTIFIED ABOVE. ANY SUCH CANCELLATION OF A PURCHASE CONTRACT WOULD BE WITHOUT PENALTY AND ALL PAYMENTS MADE BY THE PURCHASER BEFORE CANCELLATION WILL BE PROMPTLY REFUNDED BY THE DECLARANT.

PROFORMA DEED

Drawn By: Perry, Patrick, Farmer & Michaux, P.A.
Mail to: Grantee

Out of Parcel No. _____
Excise Stamp Tax: _____

STATE OF NORTH CAROLINA
COUNTY OF WAKE

CONDOMINIUM DEED

THIS CONDOMINIUM DEED, made this ____ day of _____,
19____, by and between

Lake Park Condominium, LLC,
a North Carolina limited liability company

party of the first part, hereinafter referred to as "Grantor"; and

of the County of Wake, State of North Carolina, hereinafter
referred to as "Grantee":

W I T N E S S E T H:

WHEREAS, by virtue of that instrument entitled "DECLARATION
OF LAKE PARK CONDOMINIUM" (the "Declaration") recorded in the
office of the Register of Deeds for Wake County, North Carolina, on
the ____ day of _____, 19____, in Deed Book ____ at
Page ____, and, together with the buildings and other improvements
located thereon were submitted to the North Carolina Condominium
Act, said land being located in the City of Raleigh, Wake County,
North Carolina, and being more particularly described in Exhibit
"A" to the Declaration; and

WHEREAS, the plats and plans of said Condominium are filed for
record in Unit Ownership File No. _____ in the Office of the
Register of Deeds for Wake County, North Carolina (said plats and
plans being collectively referred to as the "Plans"); and

WHEREAS, Grantee desires to purchase one of the Condominium
Units in Lake Park Condominium along with the undivided interest in
the Common Elements appurtenant to said Unit fixed by the
Declaration.

NOW, THEREFORE, pursuant to the matters set forth in the
premises and in consideration of One Hundred Dollars (\$100.00) and
other valuable considerations in hand paid to Grantor by Grantee,
the receipt of which is hereby acknowledged, Grantor does by these
presents hereby grant, bargain, sell and convey unto Grantee and
Grantee's heirs, successors and assigns, the following described
Condominium Unit:

TRACT #1: All of that Condominium Unit designated Unit ____
in Building ____ in LAKE PARK CONDOMINIUM, as referred to in the
Declaration and more particularly described in the Plans, which
Declaration and Plans are incorporated herein by reference.

TRACT #2: An undivided _____ % interest in the Common
Elements as referred to in Article 1.5 of the Declaration.

Grantee's Address: _____

Property Address: _____

TO HAVE AND TO HOLD the aforesaid Condominium Unit and undivided interest in said Common Elements and all privileges and appurtenances thereunto belonging to Grantee and Grantee's heirs, successors and assigns, to their only use and behoof forever. The Condominium Unit hereby conveyed is for residential use only and for no other purpose and is restricted to said use. This conveyance is made subject to the benefits, rights, privileges, obligations, easements, restrictions, conditions and other terms set forth in the Declaration and the Bylaws of Lake Park Condominium Homeowners Association, Inc. (the "Bylaws"). The Bylaws are recorded annexed to the Declaration as Exhibit "E" and their terms and conditions are incorporated herein by reference.

Grantor, for itself, and its successors and assigns, covenants and agrees that Grantee and Grantee's heirs, successors and assigns, that it is seized of said premises in fee, and has the right to convey the same in fee simple; that the same are free and clear from all encumbrances, and that it will warrant and defend the said title to the same against the lawful claims of all persons whomsoever, subject only to the terms and conditions set forth in the Bylaws, the terms and conditions set forth in the Declaration, conditions and easements of record, presently enforceable restrictive covenants of record and the lien of ad valorem taxes for the current year.

Reference to "their," "they," "them" and other plural pronouns shall mean the singular use of the applicable pronoun where Grantee is one person, firm, corporation or entity.

IN TESTIMONY WHEREOF, Grantor has caused these presents to be executed in its name as of the day and year first above written.

Lake Park Condominium, LLC, a North
Carolina limited liability company
(SEAL)

By: _____ (SEAL)
Robert N. Bradley, Manager

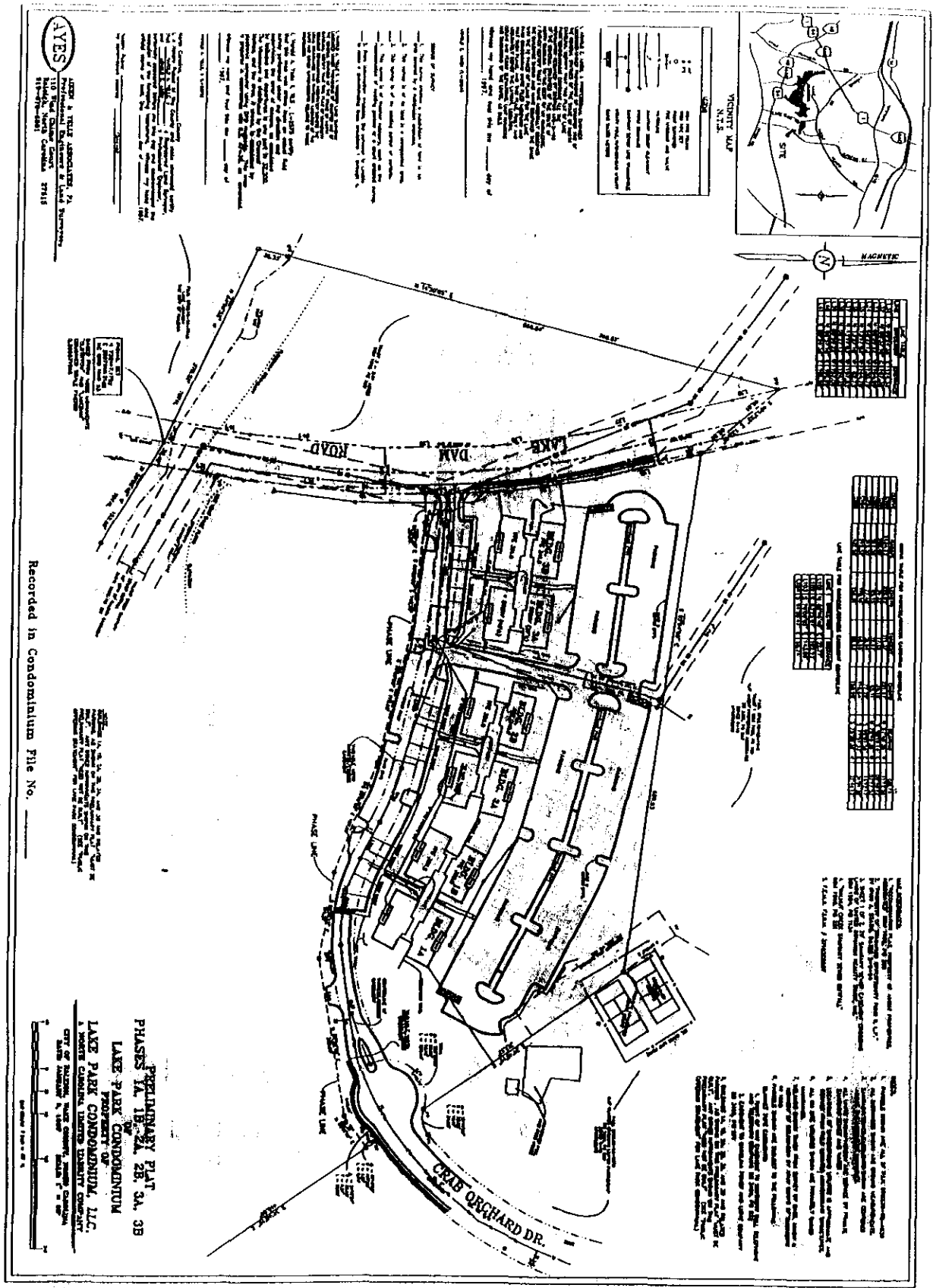
STATE OF _____
COUNTY OF _____

I, _____, a Notary Public for the County and State aforesaid, do hereby certify that Robert N. Bradley, Manager of Lake Park Condominium, LLC, a North Carolina limited liability company, personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal this the ____ day of _____, 19____.

Notary Public

My commission expires: _____



Lake Park Condominium
Proposed Plat

NOTE: Buildings 1A, 1B, 2A, 2B, 3A and 3B, and related parking, as shown on this Proposed Plat **"MUST BE BUILT"**. Any other improvements shown on this Proposed Plat **"NEED NOT BE BUILT"**. (See "Public Offering Statement" for Lake Park Condominium.)

LAKE PARK CONDOMINIUM
PROPOSED PLANS

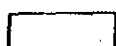
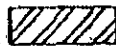

Attached are copies of the "Proposed Plans" for the Units to be constructed in Lake Park Condominium. As indicated in the Public Offering Statement and on the attached Proposed Plans, it is anticipated that the Units to be constructed in Lake Park Condominium will each have four bedrooms and four baths, with private decks or patios. It is anticipated that the Units will be constructed in three-story buildings, some buildings with Terrace Units and others without Terrace Units.

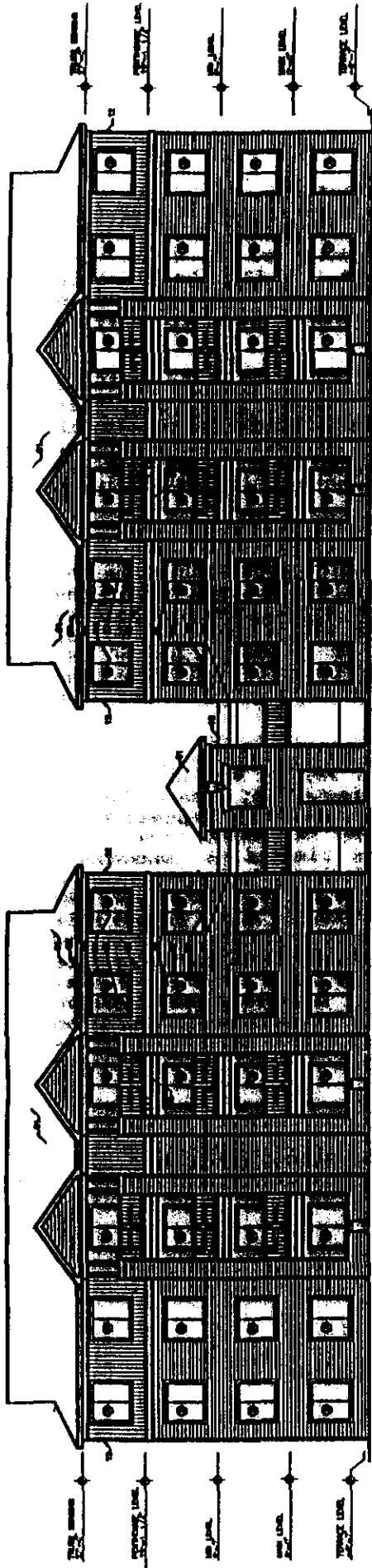
Attached are copies of Proposed Plans for "Building Type 1" (three stories with Terrace Units/fourteen Units) and "Building Type 2" (three stories without Terrace Units/twelve Units). It is anticipated that the buildings in Phases 1A, 1B, 2A, 2B, 3A, 3B, 7A, 7B, 8A, 8B, 9A and 9B, will be Building Type 1, and that the buildings in Phases 4A, 4B, 5A, 5B, 6A and 6B, will be Building Type 2.

* The attached Proposed Plans for Building Type 2 show the "A" section of the building on the left and the "B" section of the building on the right (as facing the building from the adjacent parking area). This is correct for the buildings in Phases 5A, 5B, 6A and 6B. With regard to the buildings in Phases 4A and 4B, however, the "A" section of the building is on the right and the "B" portion of the building is on the left. (See building locations on "Proposed Phasing Plan".)

NOTE: Except for Buildings 1A, 1B, 2A, 2B, 3A and 3B, related parking for these phases, and the approximate 2.51 acre parcel of land located west of Lake Dam Road, as shown on the "Proposed Plat" that is a part of this Public Offering Statement, the other buildings, amenities (including, but not limited to, basketball court, volleyball courts, pool, patio, decks and clubhouse) and other improvements shown on the "Proposed Phasing Plan" and the attached "Proposed Plans", **"NEED NOT BE BUILT"**. (Also, please note that while it is Declarant's present intent that any buildings and Units erected upon the Additional Real Estate will be compatible with the other Units in the Condominium in terms of architectural style, quality of construction, and size, Declarant does reserve the right to change the architectural style, size and/or location of any buildings, Units or amenities that may be erected upon the Additional Real Estate.

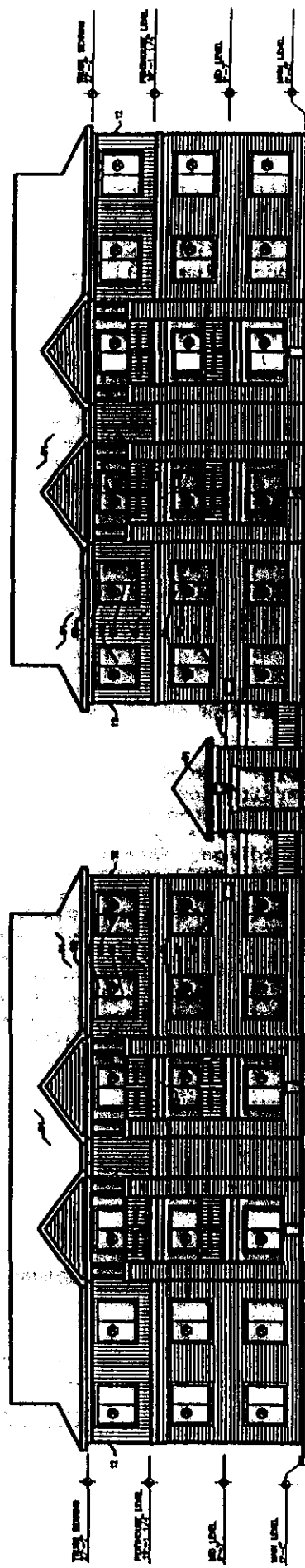
LEGEND

-  TYPICAL UNIT
1,290 SQUARE FEET
-  LIMITED COMMON ELEMENT
-  COMMON ELEMENT



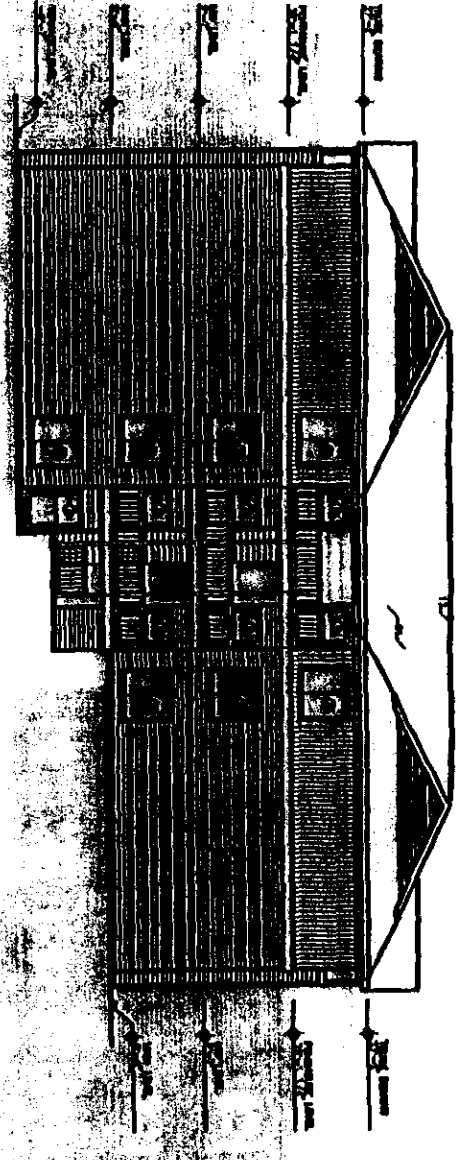
BLDG. TYPE 1 - REAR ELEVATION

THREE STORY BUILDING WITH BROWNEY



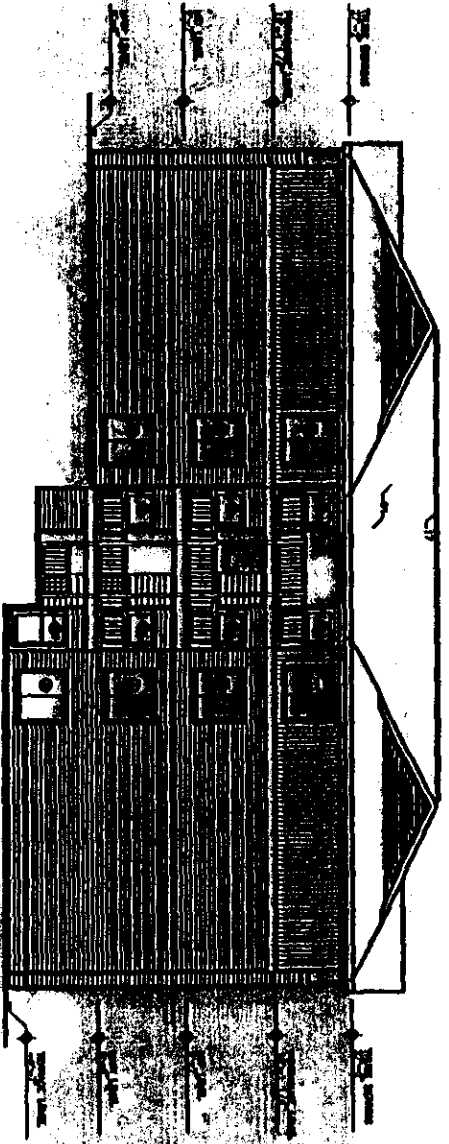
BLDG. TYPE 1 - FRONT ELEVATION

THREE STORY BUILDING WITH BROWNEY



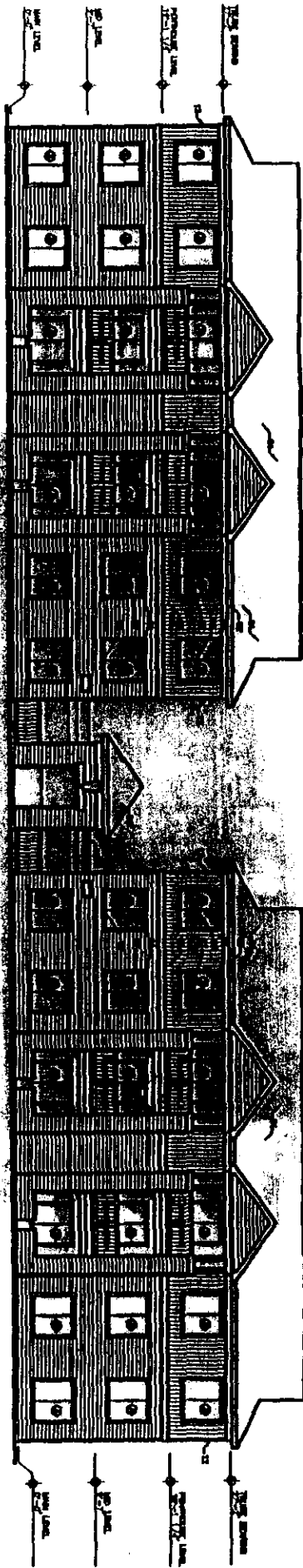
BLDG. TYPE 1 - LEFT SIDE ELEVATION

1/8" = 1'-0"

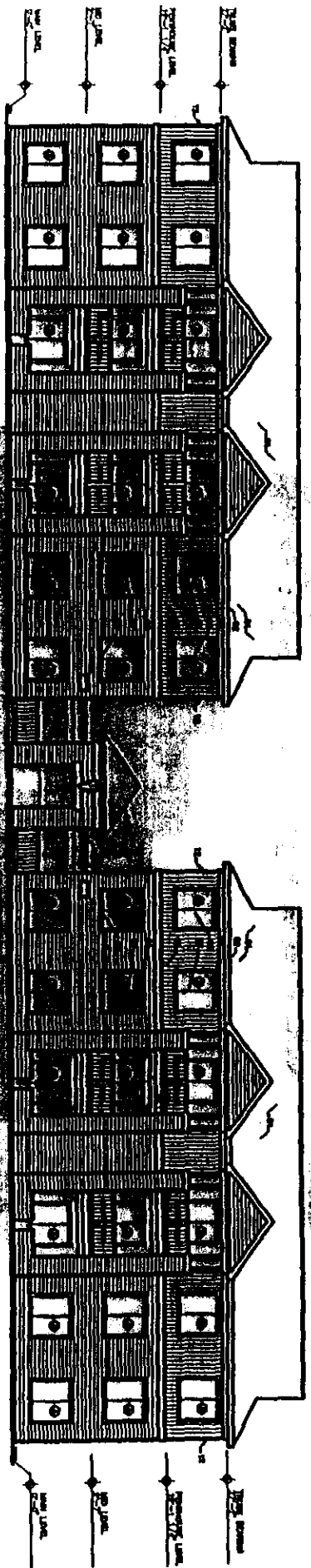


BLDG. TYPE 1 - RIGHT SIDE ELEVATION

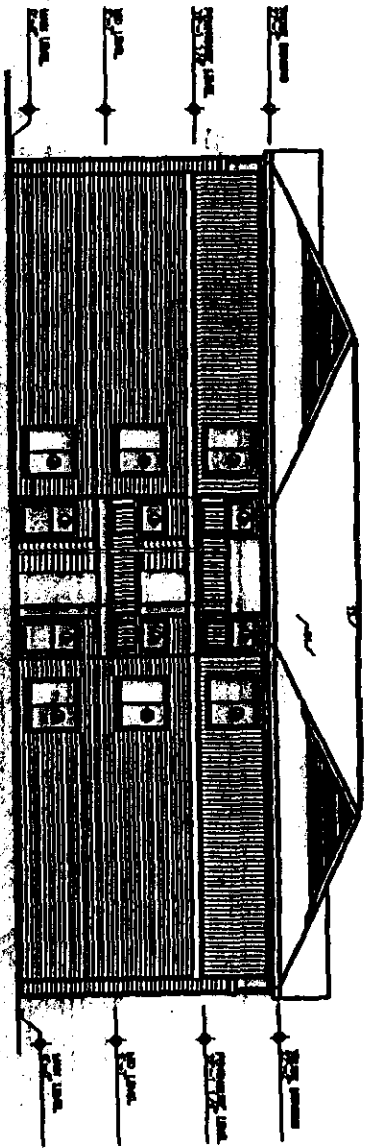
1/8" = 1'-0"



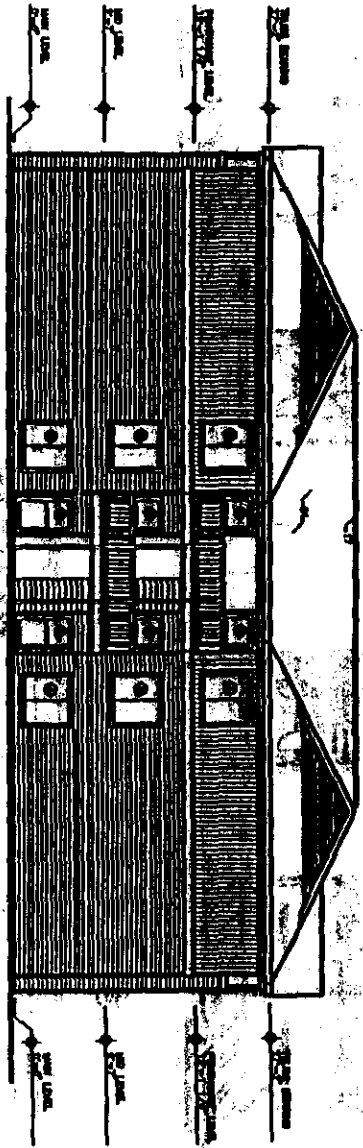
BLDG. TYPE 2 - REAR ELEVATION



BLDG. TYPE 2 - FRONT ELEVATION

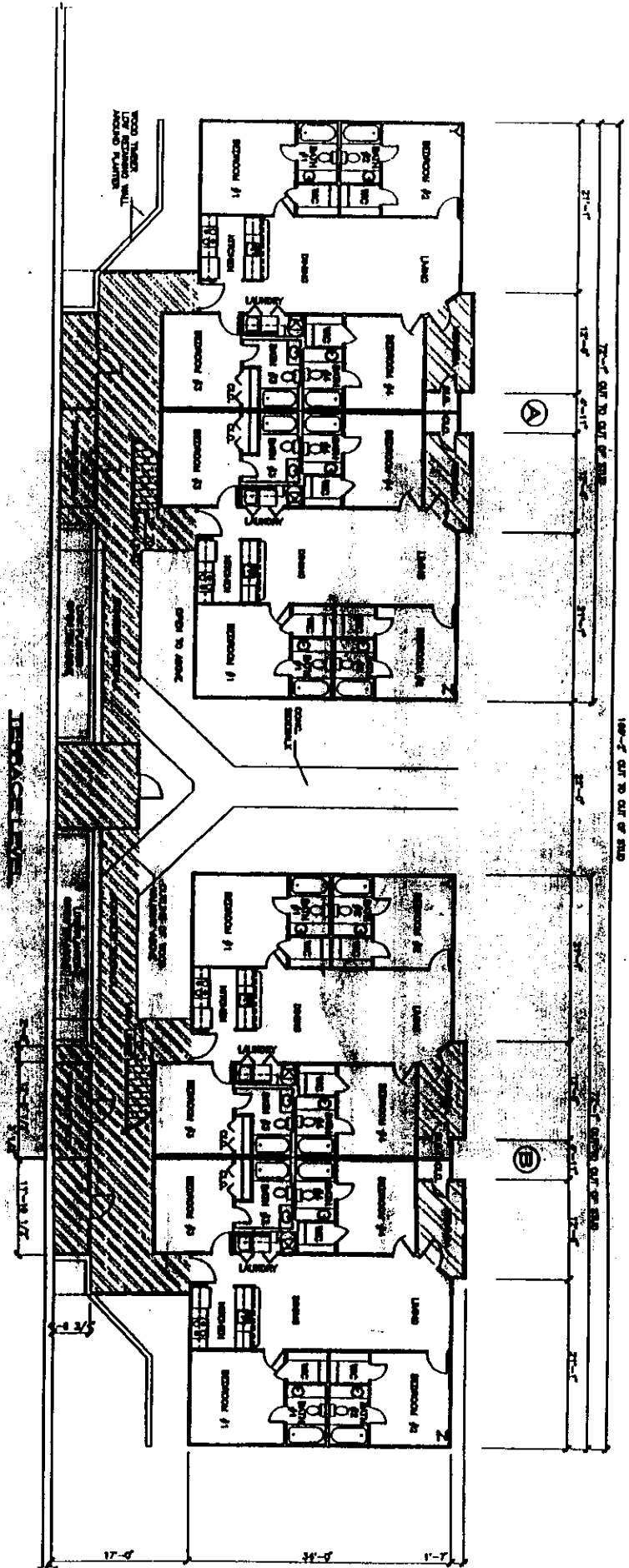


BLDG. TYPE 2 - LEFT SIDE ELEVATION
THREE STORY BUILDING



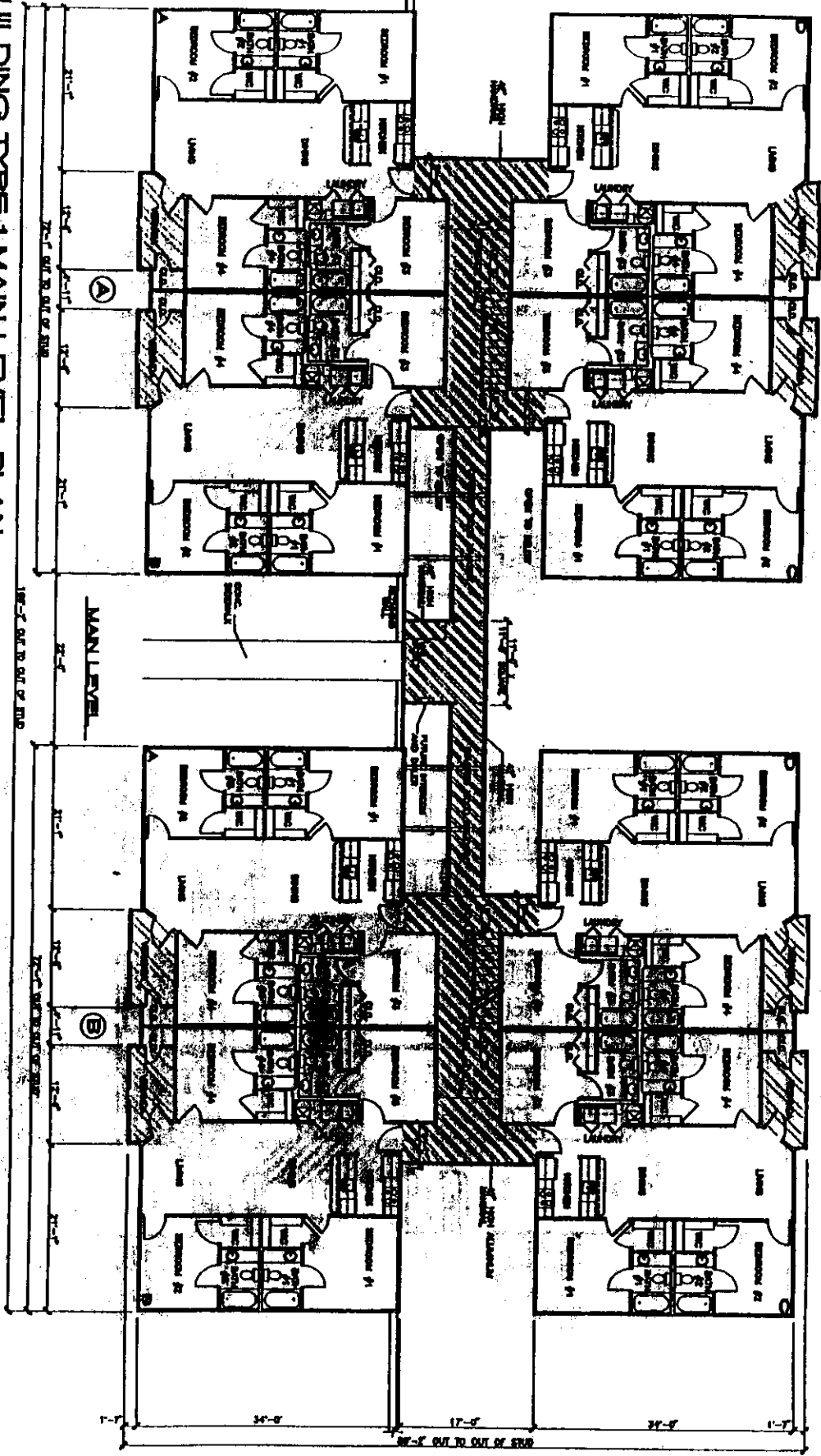
BLDG. TYPE 2 - RIGHT SIDE ELEVATION
THREE STORY BUILDING

BUILDING TYPE 1 TERRACE PLAN
3 STORIES WITH BASEMENT



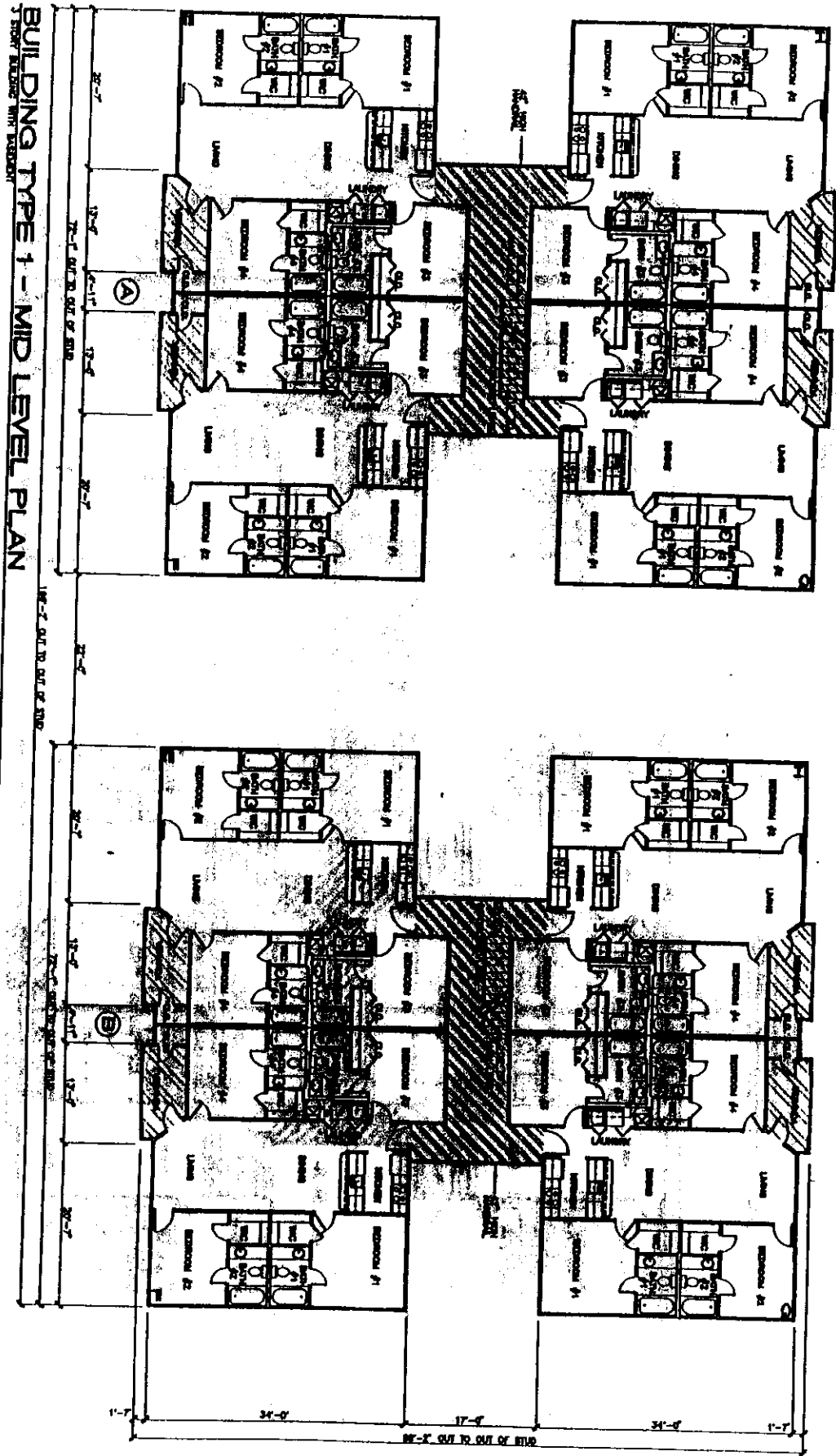
1/18 - 1-4

BUILDING TYPE 1 MAIN LEVEL PLAN
3 STORIES WITH BASEMENT

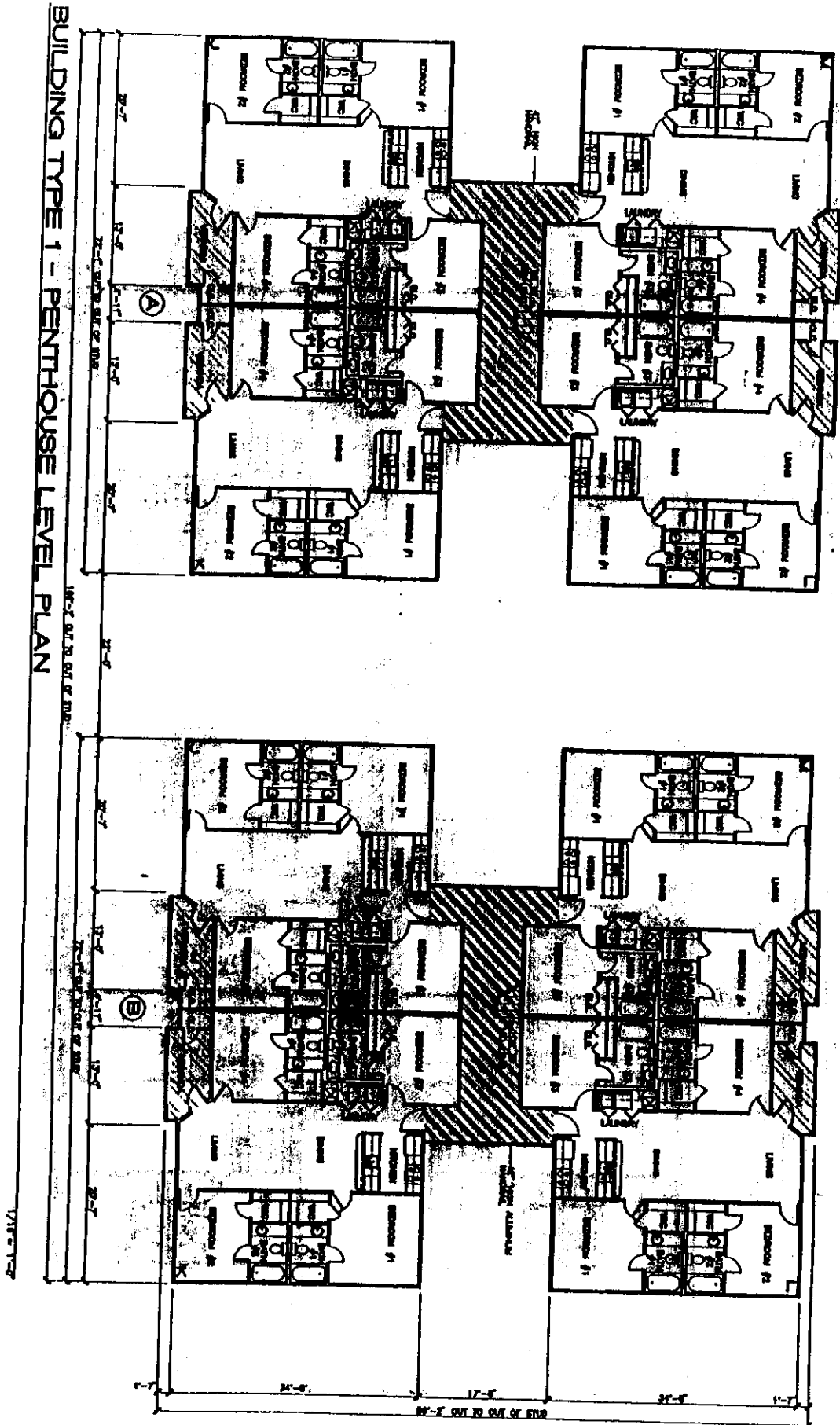


1/18 - 1'-0"

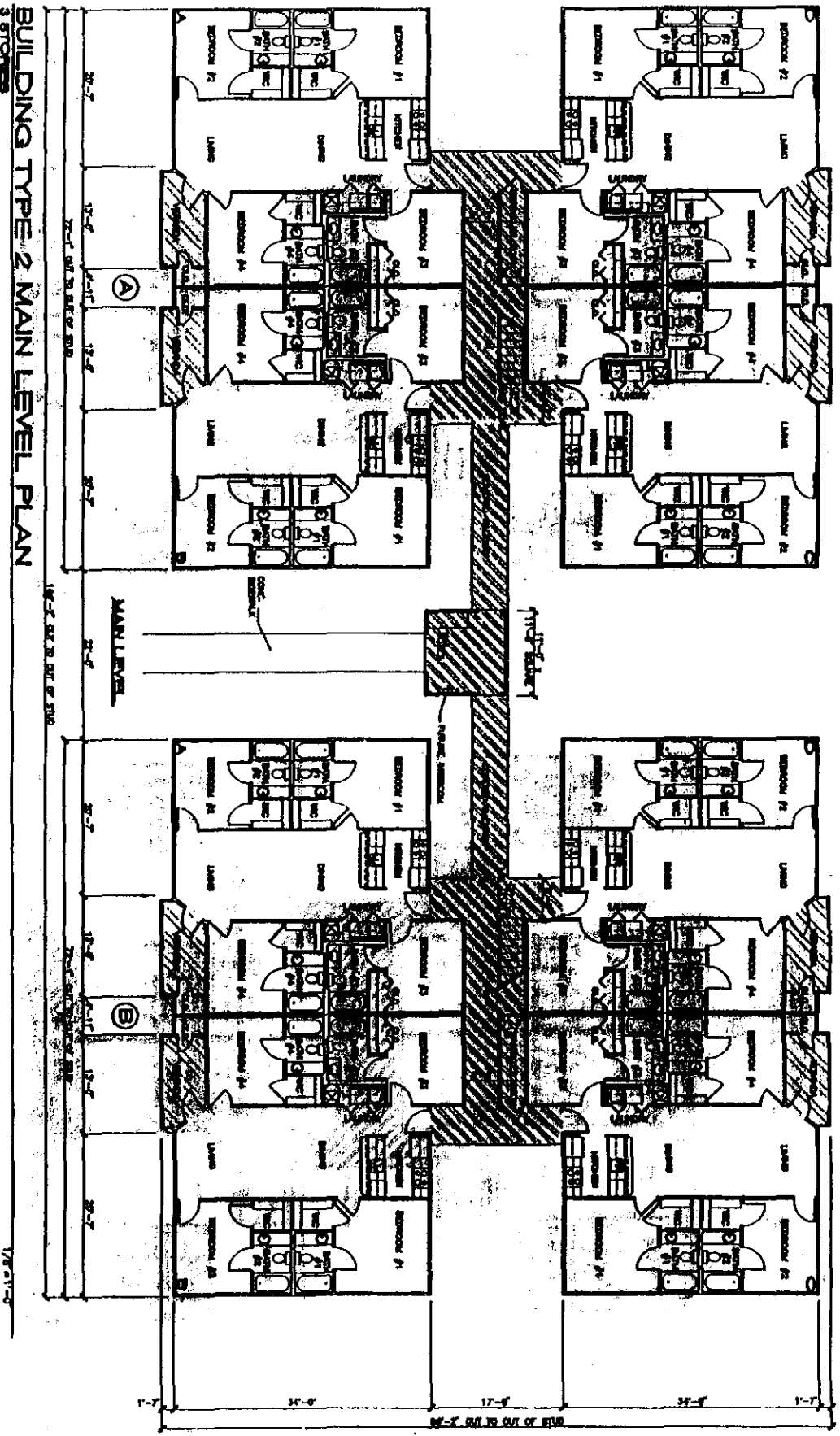
BUILDING TYPE 1 - MID LEVEL PLAN



BUILDING TYPE 1 - PENTHOUSE LEVEL PLAN



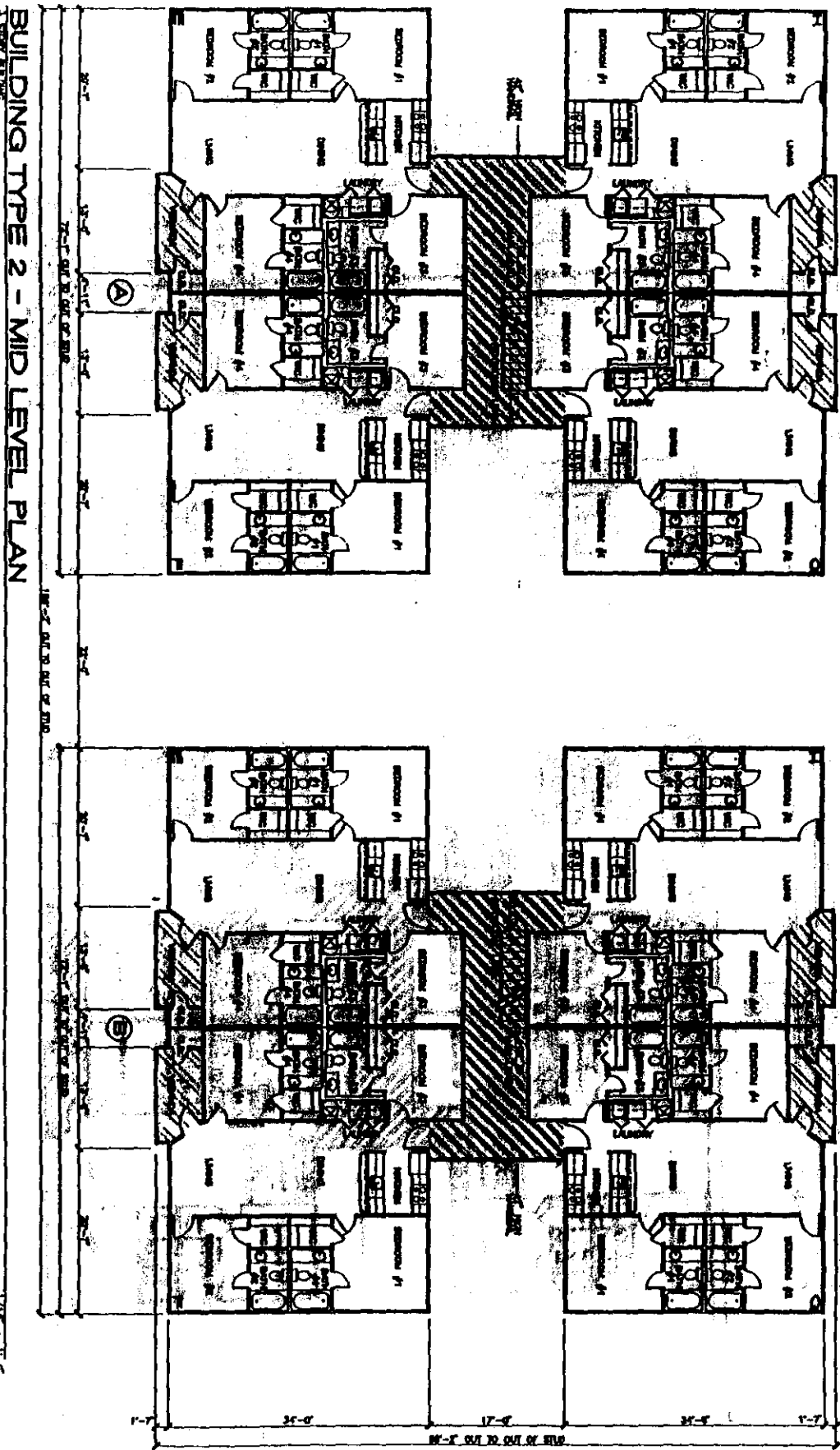
1/11/12



3 STORIES

BUILDING TYPE 2 MAIN LEVEL PLAN

NOTE: For Buildings 5A, 5B, 6A and 6B, Section "A" of the building is on the left and Section "B" is on the right, as shown above. For Buildings 4A and 4B, Section "A" of the building is on the right and Section "B" is on the left. (See "Proposed Phasing Plan".)

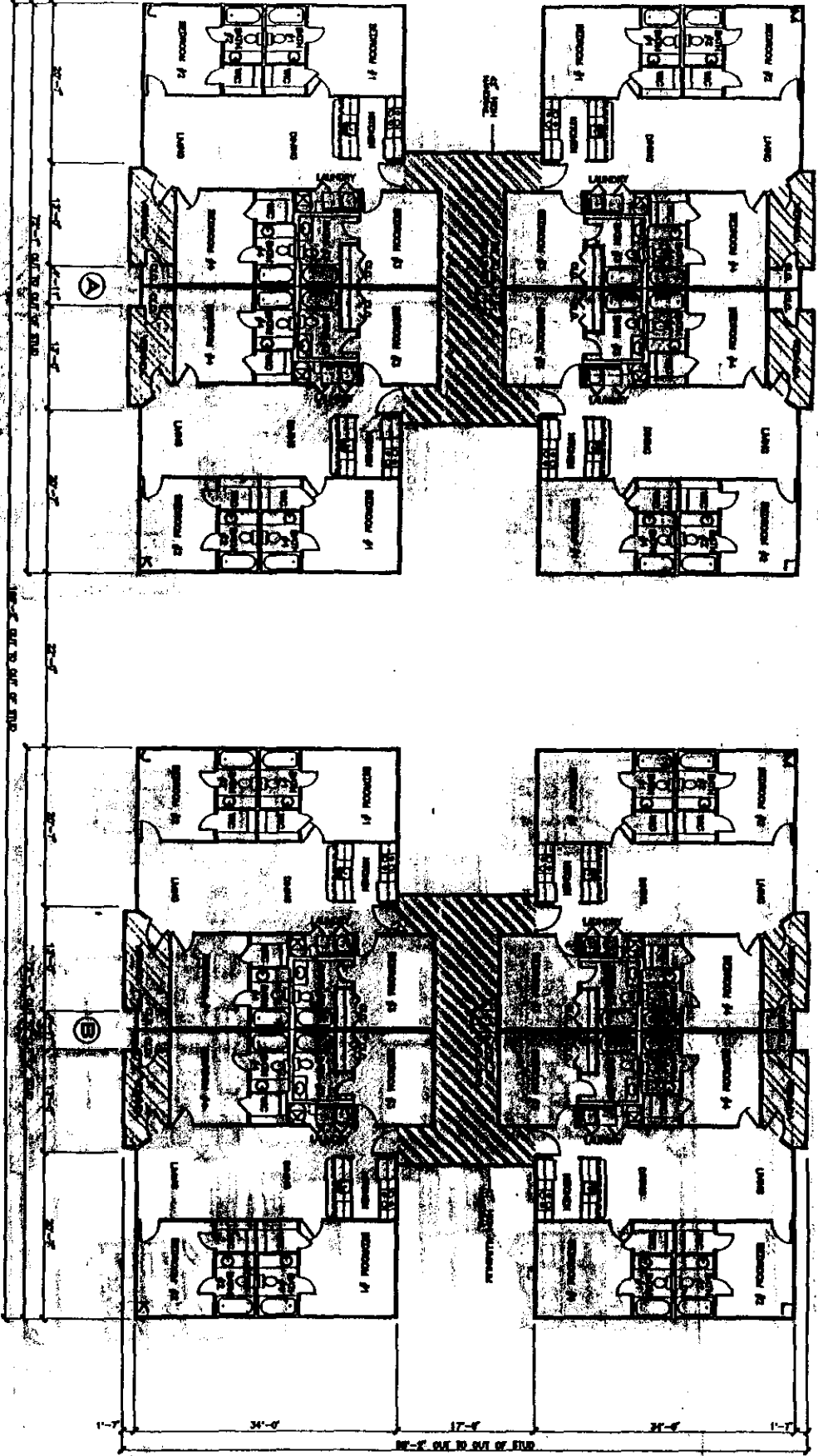


BUILDING TYPE 2 - MID LEVEL PLAN

NOTE: For Buildings 5A, 5B, 6A and 6B, Section "A" of the building is on the left and Section "B" is on the right, as shown above.
 For Buildings 4A and 4B, Section "A" of the building is on the right and Section "B" is on the left. (See "Proposed Phasing Plan".)

BUILDING TYPE 2 - PENTHOUSE LEVEL PLAN

NOTE: For Buildings 5A, 5B, 6A and 6B, Section "A" of the building is on the left and Section "B" is on the right, as shown above. For Buildings 4A and 4B, Section "A" of the building is on the right and Section "B" is on the left. (See "Proposed Phasing Plan".)



**RULES AND REGULATIONS
FOR
LAKE PARK CONDOMINIUM**

Your Executive Board welcomes the assistance of all Unit Owners in the enforcement of these Rules and Regulations. Violations should be reported in writing to the Managing Agent of the Condominium, and not to the Board or officers of the Association. The Managing Agent will give notice of the violations to the violating Unit Owner and any appropriate committee. All disagreements will be presented to the Executive Board, which will take appropriate action. Unit Owners are responsible for the compliance of their guests, invitees and tenants.

1. No boats, trailers, mobile homes, vans, or commercial vehicles shall be permitted at the Condominium without the prior written consent of the Executive Board. No vehicle which cannot operate on its own power shall be permitted at the Condominium. Repairing vehicles at the Condominium is prohibited.

2. The sidewalks, entrances, roadways, and similar areas of the Common Elements shall not be obstructed nor used for any purpose other than for ingress and egress to and from the Condominium; nor shall any carts, bicycles, carriages, chairs, tables or any other similar objects be stored thereon.

3. The personal property of Unit Owners must be stored in their respective Units.

4. All refuse, waste, bottles, cans and garbage shall be securely contained in plastic bags and stored in trash containers in designated areas of the Condominium. The Unit Owner shall be responsible for any costs resulting from failure to comply with this provision, including, but not limited to, the cost of removal of any improperly placed refuse, waste, bottles, cans or garbage and the cost to repair any resulting damage. In addition, failure to comply with this provision could result in the assessment of a fine by the Executive Board to be paid by the Unit Owner.

5. Toilets and other plumbing shall not be used for any purpose other than those for which they are constructed. No sweepings, rubbish, rags or other foreign substances shall be thrown in them. The cost of any damage resulting from misuse shall be borne by the Unit Owner responsible for the damage.

6. No flammable, combustible or explosive fluids, chemicals or substances shall be kept in any Unit or on the Common Elements.

7. To maintain a uniform and pleasing appearance of the exterior of the Buildings, no awnings, canopies, shutters, screens, glass enclosures or projections shall be attached to the outside walls, doors, windows, roofs or other portion of the Buildings or on the Common Elements.

8. No Unit shall have any aluminum foil placed in any window or glass door, nor any reflective substance placed on any glass, except such as is approved by the Executive Board for energy conservation purposes.

9. Where curtains are other than white or off-white, they must be lined, or "under draped" or "black-out" draped in white, which liners must be approved by the Executive Board.

10. No Unit Owner, nor his family, guests, invitees or tenants, shall make or permit any disturbing noises in the Buildings, or upon the Common Elements, nor permit any conduct by such persons that will interfere with the rights, comforts or conveniences of other Unit Owners. No Unit Owner shall play or permit to be played any musical instrument, nor operate or permit to be operated a phonograph, television, radio, sound amplifier or other sound equipment in his Unit in such a manner as to disturb or annoy other Unit Owners. No Unit Owner shall conduct, nor permit to be conducted, vocal or instrumental instruction or practice at any time which disturbs other Unit Owners. Minimum volumes of all sounds and sound producing equipment shall be enforced between the hours of 10:30 p.m. and 8:00 a.m. All other unnecessary noises, such as bidding good night to departing guests and slamming car doors, should be avoided between these hours. Carpentry, carpet laying, picture hanging or any trade (or do-it-yourself) work involving any noise must be done between the hours of 8:00 a.m. and 6:00 p.m.

11. No radio, television or other electronic installation may be permitted in any Unit which interferes with the television or radio reception of another Unit.

12. No exterior antennae shall be permitted on the Buildings or Common Elements, except as is approved by the Executive Board.

13. No noxious or unusual odors shall be generated in such quantities that they permeate to other Units or the Common Elements and become annoyances or become obnoxious to other Unit Owners. Normal cooking odors, normally and reasonably generated, shall not be deemed violations of this regulation.

14. No fires, cooking devices or other devices which emit flames, smoke or dust shall be allowed on any balcony.

15. There shall be no solicitation by any person anywhere in the Condominium for any cause, charity or any purpose whatever, unless specifically authorized by the Executive Board.

16. Unit Owners shall be liable for all damages to the Buildings caused by receiving deliveries, or moving or removing furniture or other articles, to or from the Buildings.

17. Children will be the direct responsibility of their parents or legal guardians who must supervise them while they are within the Condominium. Full compliance with these Rules and Regulations and all other rules and regulations of the Association shall be required of such children.

18. Unit Owners are not permitted on the roofs for any purpose, except as otherwise permitted by the Executive Board.

19. Unit Owners, their families and guests, shall not appear in, nor use the Common Elements except in appropriate attire.

20. Food and beverages may not be consumed in the Common Elements, unless specifically authorized in writing by the Executive Board.

21. Every Unit Owner and occupant shall comply with these Rules and Regulations as set forth herein, and any and all rules and regulations which from time to time may be adopted, as amended from time to time. Failure of a Unit Owner or occupant to so comply shall be grounds for action which may include, without limitation, an action to recover sums due for damages, injunctive relief, or any combination thereof.

22. Anything to the contrary herein notwithstanding, these Rules and Regulations shall apply to all other Unit Owners and occupants even if not specifically so stated in portions hereof. The Executive Board shall be permitted (but not required) to grant relief to one or more Unit Owners from specific rules and regulations upon written request therefor and good cause shown in the sole opinion of the Board.

Estimated Operating Budget

June 10, 1998

Lake Park Condominium Homeowner's Association, INC., Raleigh, North Carolina

Prepared by University Housing Group

Each Unit = 4 Occupants

Phase Numbers / Number of Units	1998 - 1999 1A-6A / 144	1999 - 2000 1A-9B / 240
Monthly Assessment Per Unit: \$90		
Initial Deposit	25,920	43,200
Total Assessments	155,520	259,200
EXPENSES:		
I Administrative		
A Management Fee (11 per unit)	19,008	35,000
B Postage & Supplies	1,500	3,000
C Printing & Copies	1,178	2,100
D Administrative	1,178	3,000
E Audit Expense	1,000	1,800
F Insurance (P.D./Liab/Umb/D.O.)	20,000	35,000
G Licenses/Fees	1,000	1,500
H Bank Charges	52	53
I Legal Fees	1,500	2,500
II Maintenance		
A Building Maintenance		
1 Exterior Repairs	3,500	4,500
2 Plumbing Repairs	1,500	2,000
3 Electrical Repairs	1,000	2,000
4 Miscellaneous Materials	336	1,000
5 Janitorial Supplies	492	1,000
6 Trash Removal	12,051	19,080
7 Electric Power	8,034	15,000
8 Security Guard	6,000	10,000
B Grounds Maintenance		
1 Contract Labor	32,169	55,000
2 Mulch	2,009	3,180
3 Annual Flowers	1,338	2,119
C Amenities		
1 Pool Monitor	4,480	6,300
2 Sand Volleyball	773	795
3 Pool Start Up & Shut Down	515	1,000
4 Pool Open Cost (4 months @\$950/month)	4,414	6,000
5 Pool Closed Cost (8 months @ \$150/month)	1,736	2,000
6 Furniture Replacements	1,545	1,590
7 Phone	1,236	1,272
8 Long Distance Phone	840	1,260
9 Attendant	12,000	18,000
10 Basketball Court	773	795
11 Barbecue Areas	515	530
III Taxes upon the Association	500	1,500
IV Reserves		
A Paint (Doors & Railings)	2,679	4,741
B Roof	3,580	5,928
C Paving	2,679	4,741
D Clubhouse / Pool	2,410	3,916
Total Expenses	155,520	259,200
Total 2 month Capital Start-Up	25,920	

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

RESIDENTIAL RENTAL AGREEMENT

This Residential Rental Agreement (the "Agreement") is made and entered into as of the _____ day of _____, by and between _____ (the "Landlord"), and

_____(Tenant A) _____(Tenant B)
_____(Tenant C) _____(Tenant D)

jointly and severally (hereinafter individually and collectively referred to as the "Tenant").

WITNESSETH:

- DESCRIPTION AND TERMS.** Landlord, in consideration of the rent reserved herein to be paid by Tenant to Landlord and of the covenants, agreements, and conditions hereinafter contained to be kept, performed and observed by Tenant, does hereby let and rent unto Tenant the Premises known as Unit _____, UNIVERSITY COMMONS LAKE PARK, having an address of _____ (hereinafter the "Premises"), to be used and occupied by Tenant as a residence, and for no other purpose for a term beginning at 12:01 am on _____, _____, and ending at midnight on _____, _____, and Tenant, in consideration of the use of the Premises and of the covenants and agreements made herein by Landlord, hereby rents the Premises from Landlord for the entire term set forth above. If either Landlord or Tenant does not wish to renew this Agreement, the party not wishing to renew shall notify the other party in writing of such intention not less than thirty (30) days before the expiration of this Agreement, otherwise this Agreement will be automatically converted to a month-to-month tenancy, on the same terms and conditions contained in this Agreement.
- USE.** Tenant agrees that the Premises is to be used by no more than four (4) persons as a private residence and for no other purpose. There shall be no pets on or in the Premises. Tenant agrees not to allow any nuisance or illegal activity to exist on the Premises and to maintain the Premises in an orderly and neat condition. Tenant agrees to comply with the Rules and Regulations, a copy of which is attached hereto and made a part hereof.
- RENT.** Tenant hereby promises to pay rent to Landlord, in lawful money of the United States, as provided herein. Tenant shall pay the sum of \$ _____ at the time of execution of this Agreement, which sum represents rent for the period from the date of commencement of the term stated in Paragraph 1, above, to _____, _____. Thereafter, commencing on _____ 1, _____, monthly rent payments shall be due and payable, in advance, without demand, notice or deduction, on the first day of each calendar month for the term of this Agreement. The monthly rent amount to be paid by Tenant shall be \$ _____ per month until the first day of the _____ calendar month following the date of commencement of the lease term, at which time the rent shall increase to \$ _____ per month. Rent shall be paid to Landlord at the address identified in Paragraph 20 below.
- LATE FEES.** If any rental payment is not received by the fifth (5th) day after it is due, Tenant shall pay a late payment fee equal to the greater of five percent (5.0%) of the rental payment past due, or fifteen dollars (\$15.00). This late payment fee shall be due immediately, without demand, and shall be added to and paid with the late rental payment. Tenant also agrees to pay a fifteen dollar (\$15.00) processing fee for each check of Tenant that is returned by the financial institution because of insufficient funds.
- SECURITY DEPOSIT.** A security deposit of \$ _____ is collected from the Tenant with the signing of this Rental Agreement. The security deposit shall be placed in an account with _____ (name of bank or savings institution) located at _____, and shall be administered in accordance with the North Carolina Tenant Security Deposit Act (N.C.G.S. Sec. 42-50, *et seq.*). THE SECURITY DEPOSIT MAY, AT THE DISCRETION OF THE LANDLORD, BE DEPOSITED IN AN INTEREST BEARING ACCOUNT WITH THE BANK OR SAVINGS INSTITUTION NAMED ABOVE AND ANY INTEREST EARNED ON THE SECURITY DEPOSIT SHALL ACCRUE FOR THE BENEFIT OF, AND SHALL BE PAID TO, LANDLORD, OR AS LANDLORD DIRECTS.
- PARENT/SPONSOR'S GUARANTY.** If any Tenant is an undergraduate student, a binding parental/sponsor's guaranty has been executed to secure compliance with the duties of the Tenant under this Agreement. This guaranty is obtained directly from the parent or sponsor and Landlord reserves all rights, both civil and criminal, for any false execution or forgery of the guaranty. The guaranty is additional security to Landlord and not in substitution of Tenant's responsibility as set forth herein.
- CONDITION OF PREMISES.** Tenant has inspected the Premises and accepts same in its present condition.
- WINTERIZING.** During periods of subfreezing temperature (below 32 degrees fahrenheit), Tenant shall keep the heating system operating, with the thermostats shall be set not lower than 50 degrees. Tenant shall be responsible for any damage in the Premises or adjoining property due to Tenant's failure to maintain adequate heat to prevent frozen pipes.
- TENANT RESPONSIBILITIES.** Tenant agrees to keep and maintain the Premises in good clean condition and, at Tenant's expense, to: (i) keep all waste water drains clear and open, and not dispose of anything in any way that might clog or cause a backup of any such drain; (ii) repair and/or replace any damage to interior or exterior walls, equipment, electrical or plumbing fixtures, screens, doors and furnishings; (iii) not deposit any debris or unsightly objects on any common area; (iv) change heating and air conditioning filters within the Premises not less frequently than once every three (3) months; and (v) test all smoke detectors at least once each month and maintain same, including, without limitation, replacement of batteries. Tenant shall also notify Landlord in writing of any damage to or problems on or within the Premises, such notice to be transmitted not later than two (2) business days after the occurrence of such damage or the discovery of such problem. Tenant shall promptly and timely pay for all utilities provided to the Premises during the term of this Agreement. Tenant shall also reimburse Landlord, promptly upon receipt of written demand for reimbursement, for any repairs to the Premises or its systems and appliances caused by the willful or negligent acts or omissions of Tenant or the guests or invitees of Tenant. Tenant shall also be responsible for damage to the Premises caused by acts of vandals or burglars after termination of this Agreement until the

keys have been returned to the address of Landlord. Tenant shall not paint or wallpaper any portion of the Premises or make any other change or alteration therein, including, without limitation, indiscriminate hanging of pictures, ceiling hooks, decorative plates, stick-on posters and emblems, or other items of similar nature, without the prior written consent of Landlord. Tenant shall be responsible for the cost of restoring the Premises to their original condition, including, without limitation, repainting of walls, if Tenant makes any such unauthorized modifications. No Tenant-incurred expenses shall be deducted from the monthly rent under any circumstances whatsoever.

10. **RIGHT TO ACCESS.** Tenant shall not unreasonably deny any request of Landlord to enter the Premises to inspect repairs, decorations, alterations or improvements, supply services, or show the Premises to prospective purchasers, mortgagees, tenants, workmen or contractors. Landlord and their agents may enter the Premises without consent of the Tenant under the following circumstances:

a. At any time in case of emergency, including, without limitation, prospective changes in weather conditions which pose a likelihood of danger to the Premises;

b. Between the hours of 9:00 a.m. to 6:00 p.m. for the purpose of providing regularly-scheduled, periodic inspections or and services to the Premises, provided that, prior to entering, Landlord or their agent announces the intent to enter to perform such inspections or services; or

c. Between the hours of 8:00 a.m. to 8:00 p.m. for providing services requested by Tenant, provided that, prior to entering, Landlord or their agent announces the intent to enter to perform such services.

11. **ASSIGNMENT OR SUBLETTING.** Tenant understands and agrees that Landlord may assign this Agreement. Tenant may not sublet the Premises without the prior written consent of Landlord.

12. **CONDEMNATION.** If all or any part of the Premises (not including common area) are taken by power of eminent domain, this Agreement shall cease and terminate from the date of such taking. All damages awarded for such taking shall belong to and be property of Landlord.

13. **EVICITION.** If Tenant shall: (a) fail to pay the monthly rent, or any part thereof, within five (5) days after the date that the rental payment becomes due; or (b) fail to perform any other promise, duty or obligation herein agreed to by Tenant, or imposed upon Tenant by law, and such failure shall continue for a period of five (5) days after the date the Landlord provides Tenant with written notice of such failure, then, in either of such events, and as often as either of them may occur, Landlord, in addition to all other rights and remedies provided by law, may, at Landlord's (Agent's) option and with or without notice to Tenant, either (i) terminate this Agreement, or (ii) terminate the Tenant's right to possession of the Premises without terminating this Agreement. Regardless of whether Landlord terminates this Agreement or only terminates the Tenant's right of possession without terminating this Agreement, Landlord shall be immediately entitled to possession of the Premises and Tenant shall peacefully surrender possession of the Premises to Landlord immediately upon Landlord's demand. In the event that Landlord institutes a legal action against Tenant to enforce this Agreement or any sums due hereunder, Tenant agrees that such action shall be subject to North Carolina law and the venue for such action shall be Wake County, North Carolina. Further, Tenant agrees to pay Landlord's reasonable attorney's fees incurred in connection with such action in addition to all other damages.

14. **FURNITURE.** If furnished, attached hereto is an inventory of furnishing provided. Tenant agrees to repair or replace any damaged or missing items at the end of the term of this lease or sooner if required by Landlord.

15. **INSURANCE; DAMAGE TO THE PREMISES.** Tenant shall be responsible for insuring Tenant's personal property against fire and other hazards. If, during the term of this Agreement, the Premises is rendered uninhabitable by fire or other casualty, this Agreement shall terminate and the rent shall cease to accrue as of the date of such casualty. Notwithstanding the foregoing, if such casualty or the damage resulting from such casualty was caused by the willful or negligent acts or omissions of Tenant or their guests or invitees, Landlord shall, at Tenant's expense, repair all damage to the Premises with all reasonable diligence, and, in such event, this Agreement shall remain in full force and effect and Tenant shall remain liable hereunder. Furthermore, if the Premises, though damaged, remains habitable, this Agreement shall remain in full force and effect and Tenant shall remain liable hereunder. Tenant shall immediately notify Landlord of any casualty resulting in any damage to the Premises. Landlord and Tenant hereby release each other from liability for loss or damage occurring on, in or to the Premises or the property of which the Premises are a part or to the contents of either, caused by fire or other hazards ordinarily covered by fire and extended coverage insurance policies and each waives all rights of recovery against the other for such loss or damage. Willful misconduct lawfully attributable to either party, whether in whole or in part a contributing cause of the casualty giving rise to the loss or damage, shall not be excused under the foregoing release and waiver.

16. **QUIET ENJOYMENT.** Landlord agrees and covenants that Tenant shall have peaceful and quiet enjoyment of the Premises for the duration of occupancy, provided Tenant complies with the covenants, agreement and conditions stated herein.

17. **RULES AND REGULATIONS.** Tenant covenants and agrees to abide by the "Rules and Regulations", a copy of which is attached hereto.

18. **CONDITIONS FOR REFUND OF SECURITY DEPOSIT.** Security deposit refunds will be made provided that Tenant has satisfied all of the following conditions:

a. Tenant has complied with all requirements of this Agreement, including, without limitation, payment of all rents, charges and fees due under this Agreement and all utility bills for service rendered to the Premises during the term of this Agreement or any longer period during which Tenant occupies the Premises;

b. all of Tenant's personal property has been removed from the Premises, and the Premises, including all windows, appliances and fixtures, has been cleaned; and

c. all doors and windows have been locked and the keys have been returned to Landlord, with a forwarding address for each Tenant.

19. **LIABILITY JOINT AND SEVERAL.** It is expressly understood that each individual Tenant and guarantor is and shall be jointly and severally liable under this Agreement. In the event of default by one signatory, each and every signatory shall be responsible for timely payment of rent and other provisions of this Agreement, whether jointly or severally.

20. **NOTICES.** All notices required or permitted to be given hereunder, shall be in writing and may be: (i) hand delivered by the sender; (ii) sent by local or overnight courier service; or (iii) sent by certified or registered mail, return receipt requested, and addressed as follows:

If to TENANT:	To the address of the Premises
If to Guarantor:	To the address shown on the Parent/Sponsor's Guaranty
If to LANDLORD:	_____

or to such other address as any party may provide to the others for purpose of such notice. Any notice hand delivered or sent by courier service shall be deemed given and received upon actual receipt. Notice mailed as above provided shall be deemed given and received by the addressee on the third business day after the same is posted.

21. **CONSTRUCTION OF AGREEMENT.** This Agreement is a North Carolina contract and shall be interpreted and enforced in accordance with the laws of the State of North Carolina. This Agreement embodies the entire agreement of the parties with respect to the Premises and may not be altered, amended or rescinded except by written agreement signed by all parties. This Agreement shall be binding upon the parties, their heirs, representative, and assigns. If any part of this Agreement is not fully understood, then competent advice should be sought.

Notwithstanding the presumption of law whereby an ambiguity or conflict in provisions shall be construed against the drafter, the parties hereto hereby agree that although one party may have generated this Agreement, both parties have been afforded the opportunity to consult with counsel of his or her own choosing. Therefore, such presumption shall not be applied if any provision or term of this Agreement requires judicial interpretation.

If any provision of this Agreement shall be determined by a court of competent jurisdiction to be invalid, the remaining provisions shall remain unaffected and shall remain in full force and effect.

22. **TIME OF ESSENCE.** TIME IS OF THE ESSENCE in the performance of all obligations hereunder for which specific dates and/or time periods are provided.

IN WITNESS WHEREOF, the Landlord and the Tenant have executed these presents, under seal, the day and the year first above written.

TENANT:

_____	_____ (SEAL)
Witness as to Tenant	Tenant
_____	_____ (SEAL)
Witness as to Tenant	Tenant
_____	_____ (SEAL)
Witness as to Tenant	Tenant
_____	_____ (SEAL)
Witness as to Tenant	Tenant

LANDLORD:

_____	_____ (SEAL)
Witness as to Landlord	Landlord (or Agent)
_____	_____ (SEAL)
Witness as to Landlord	Landlord (or Agent)
_____	_____ (SEAL)
Witness as to Landlord	Landlord (or Agent)

THIS IS A LEGALLY BINDING CONTRACT DRAWN IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA. LANDLORD RECOMMENDS THAT EVERY TENANT PURCHASE RENTER'S INSURANCE TO COVER HIS/HER PERSONAL PROPERTY. IF ANY PROVISION OF THIS AGREEMENT IS NOT UNDERSTOOD, LANDLORD ENCOURAGES TENANT TO SEEK FURTHER ADVICE.

LAKE PARK CONDOMINIUM

DATE: _____ UNIT NO. _____ RENT \$ _____

DEAR PARENT/SPONSOR:

Your student, _____, has contracted with us to rent the above referenced apartment for the year beginning _____, _____. Our Residential Rental Agreement requires parental guaranty for undergraduate students. Please complete the form below, have it notarized, and return it to our office within _____ days. Receipt of the guaranty is required in order to secure the apartment your student wishes to rent.

If you have any questions or we can be of assistance to you in any way, please contact us.

Sincerely,

Landlord (or Agent)

PARENT/SPONSOR'S GUARANTY

DATE: _____ Address: _____ Unit _____

Student: _____

Initial Monthly Rent: \$ _____

TO: _____
Landlord

Street and No.

City and State

In consideration of Landlord entering into a Residential Rental Agreement, a copy of which is attached hereto and incorporated by reference herein, the undersigned Parents/Sponsors hereby agree to be responsible for and guaranty payment to Landlord of any and all obligations, including, but not limited to, payments for rent, services and/or any damages, incurred by the Tenant (Student) identified above under said Rental Agreement.

(SEAL)
PARENT/SPONSOR

(SEAL)
PARENT/SPONSOR

Address: _____

PERSONALLY APPEARED BEFORE ME THIS _____ DAY OF _____, _____, the above named Parents/Sponsors, personally known to me as the persons who executed this Guaranty, and acknowledged the same to be his/her act and deed.

NOTARY PUBLIC
My Commission Expires: _____

(Notary Seal)